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Government
Publications

CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE RENAUDE LAPOINTE
SPEAKER

1976-77
SECOND SESSION, THIRTIETH PARLIAMENT
25-26 ELIZABETH II

Volume I

(October 12, 1976 to March 31, 1977)

Parliament was opened on October 12, 1976
and was prorogued on October 17, 1977

Queen's Printer for Canada, Ottawa

80003—A

The Speaker

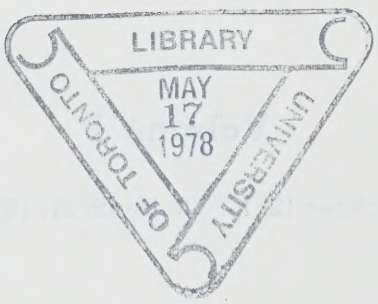
THE HONOURABLE RENAUDE LAPOINTE

The Leader of the Government

THE HONOURABLE RAYMOND J. PERRAULT, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.



THE MINISTRY

According to Precedence

At Prorogation, October 17, 1977

The Right Honourable Pierre Elliott Trudeau	Prime Minister
The Honourable Allan Joseph MacEachen	Deputy Prime Minister and President of the Queen's Privy Council for Canada
The Honourable Jean Chrétien	Minister of Finance
The Honourable John Carr Munro	Minister of Labour
The Honourable Stanley Ronald Basford	Minister of Justice and Attorney General of Canada
The Honourable Donald Campbell Jamieson	Secretary of State for External Affairs
The Honourable Robert Knight Andras	President of the Treasury Board
The Honourable Otto Emil Lang	Minister of Transport
The Honourable Jean-Pierre Goyer	Minister of Supply and Services
The Honourable Alastair William Gillespie	Minister of Energy, Mines and Resources
The Honourable Eugene Francis Whelan	Minister of Agriculture
The Honourable W. Warren Allmand	Minister of Consumer and Corporate Affairs
The Honourable James Hugh Faulkner	Minister of Indian Affairs and Northern Development
The Honourable André Ouellet	Minister of State for Urban Affairs
The Honourable Daniel Joseph MacDonald	Minister of Veterans Affairs
The Honourable Marc Lalonde	Minister of State for Federal-Provincial Relations
The Honourable Jeanne Sauvé	Minister of Communications
The Honourable Raymond Joseph Perrault	Leader of the Government in the Senate
The Honourable Barnett Jerome Danson	Minister of National Defence
The Honourable J. Judd Buchanan	Minister of Public Works and Minister of State for Science and Technology
The Honourable Roméo LeBlanc	Minister of Fisheries and the Environment
The Honourable Marcel Lessard	Minister of Regional Economic Expansion
The Honourable Jack Sydney George Cullen	Minister of Employment and Immigration
The Honourable Leonard Stephen Marchand	Minister of State (Environment)
The Honourable John Roberts	Secretary of State of Canada
The Honourable Monique Bégin	Minister of National Health and Welfare
The Honourable Jean-Jacques Blais	Postmaster General
The Honourable Francis Fox	Solicitor General of Canada
The Honourable Anthony Chisholm Abbott	Minister of State (Small Businesses)
The Honourable Iona Campagnolo	Minister of State (Fitness and Amateur Sport)
The Honourable Joseph-Philippe Guay	Minister of National Revenue
The Honourable John Henry Horner	Minister of Industry, Trade and Commerce
The Honourable Norman A. Cafik	Minister of State (Multiculturalism)

PARLIAMENTARY SECRETARIES

Yvon Pinard	to Deputy Prime Minister and President of the Privy Council
Edward Lumley	to Minister of Finance
Jacques Olivier	to Minister of Labour
Roger Young	to Minister of Justice and Attorney General of Canada
Maurice Dupras	to Secretary of State for External Affairs
Thomas-Henri Lefebvre	to President of the Treasury Board
Charles Lapointe	to Minister of Transport
Aideen Nicholson	to Minister of Supply and Services
Gilles Lamontagne	to Minister of Energy, Mines and Resources
Yves Caron	to Minister of Agriculture
Alan A. Martin	to Minister of Consumer and Corporate Affairs
Ross Milne	to Minister of Indian Affairs and Northern Development
Maurice Harquail	to Minister of State for Urban Affairs
Gilbert Parent	to Minister of Veterans Affairs
Crawford Douglas	to Minister of Communications
Jacques Guilbault	to Minister of National Defence
Frank Maine	to Minister of Public Works and Minister of State for Science and Technology
Hugh Anderson	to Minister of Fisheries and the Environment
Donald Wood	to Minister of Regional Economic Expansion
Raymond Dupont	to Minister of Employment and Immigration
Michael Landers	to Minister of State (Environment)
Robert Daudlin	to Secretary of State
William Kenneth Robinson	to Minister of National Health and Welfare
Roderick Blaker	to Solicitor General
Yves Demers	to Minister of National Revenue
Bernard Loiselle	to Minister of Industry, Trade and Commerce
William Andres	to Minister of State (Multiculturalism)

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Prorogation, October 17, 1977

Senators	Designation	Post Office Address
THE HONOURABLE		
Salter Adrian Hayden	Toronto	Toronto, Ont.
Norman McLeod Paterson	Thunder Bay	Thunder Bay, Ont.
Sarto Fournier	de Lanaudière	Montreal, Que.
John J. Connolly, P.C.	Ottawa West	Ottawa, Ont.
Donald Cameron	Banff	Banff, Alta.
David A. Croll	Toronto-Spadina	Toronto, Ont.
Fred A. McGrand	Sunbury	Fredericton Junction, N.B.
Donald Smith	Queens-Shelburne	Liverpool, N.S.
Harold Connolly	Halifax North	Halifax, N.S.
Florence Elsie Inman	Murray Harbour	Montague, P.E.I.
Hartland de Montarville Molson	Alma	Montreal, Que.
Joseph A. Sullivan	North York	Toronto, Ont.
Lionel Choquette	Ottawa East	Ottawa, Ont.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Josie Alice Dinan Quart	Victoria	Quebec, Que.
Louis Philippe Beaubien	Bedford	Montreal, Que.
J. Campbell Haig	River Heights	Winnipeg, Man.
Allister Grosart	Pickering	Toronto, Ont.
Edgar Fournier	Madawaska-Restigouche	Iroquois, N.B.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Paul Yuzyk	Fort Garry	Winnipeg, Man.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Maurice Bourget, P.C.	The Laurentides	Lévis, Que.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Eric Cook	Harbour Grace	St. John's, Nfld.
Daniel Aiken Lang	South York	Toronto, Ont.
William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora, Ont.
Alexander Hamilton McDonald	Moosomin	Moosomin, Sask.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Harry William Hays, P.C.	Calgary	Calgary, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Don Mills, Ont.
Jean-Paul Deschatelets, P.C.	Lauzon	Montreal, Que.
Hazen Robert Argue	Regina	Kayville, Sask.
Alan Aylesworth Macnaughton, P.C.	Sorel	Montreal, Que.
J. G. Léopold Langlois	Grandville	Quebec, Que.
Paul Desruisseaux	Wellington	Sherbrooke, Que.
James Duggan	Avalon	St. John's, Nfld.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Maurice Lamontagne, P.C.	Inkerman	Aylmer, Que.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Keith Laird	Windsor	Windsor, Ont.
Herbert O. Sparrow	Saskatchewan	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
Hervé J. Michaud	Kent	Buctouche, N.B.
William John Petten	Bonavista	St. John's, Nfld.

Senators	Designation	Post Office Address
THE HONOURABLE		
Raymond Eudes	de Lorimier	Montreal, Que.
Louis de Gonzague Giguère	de la Durantaye	Montreal, Que.
Ernest C. Manning, P.C.	Edmonton West	Edmonton, Alta.
Gildas L. Molgat	Ste. Rose	St. Vital, Man.
Eugene A. Forsey	Nepean	Ottawa, Ont.
William C. McNamara	Winnipeg	Winnipeg, Man.
Paul C. Lafond	Gulf	Hull, Que.
Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
H. Carl Goldenberg	Rigaud	Westmount, Que.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Renaude Lapointe (Speaker)	Mille Isles	Montreal, Que.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Guy Williams	Richmond	Richmond, B.C.
Michel Fournier	Restigouche-Gloucester	Pointe Verte, N.B.
Frederick William Rowe	Lewisporte	St. John's, Nfld.
George James McIlraith, P.C.	Ottawa Valley	Ottawa, Ont.
Margaret Norrie	Colchester-Cumberland	Truro, N.S.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
John James Greene, P.C.	Niagara	Niagara Falls, Ont.
Joseph Julien Jean-Pierre Côté, P.C.	Kennebec	Longueuil, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver, B.C.
John Morrow Godfrey	Rosedale	Toronto, Ont.
Maurice Riel	Shawinigan	Westmount, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Daniel Riley	Saint John	Saint John West, N.B.
Augustus Irvine Barrow	Halifax-Dartmouth	Halifax, N.S.
Ernest George Cottreau	South Western Nova	Yarmouth, N.S.
George Isaac Smith	Colchester	Truro, N.S.
Jack Austin	Vancouver South	Vancouver, B.C.
Paul Henry Lucier	Yukon	Whitehorse, Yukon.
Jean Marchand, P.C.	de la Vallière	Quebec, Que.
David Gordon Steuart	Prince Albert-Duck Lake	Regina, Sask.
John Ewasew	Montarville	Mount Royal, Que.
Pietro Rizzuto	Repentigny	Laval sur le Lac, Que.
Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
Horace Andrew (Bud) Olson, P.C.	Alberta South	Iddesleigh, Alta.
Royce Frith	Lanark	Perth, Ont.
Peter Bosa	York-Caboto	Etobicoke, Ont.

Note: For names of senators who resigned, retired, or died during the Second Session of the Thirtieth Parliament, see Index.

SENATORS OF CANADA

ALPHABETICAL LIST

At Prorogation, October 17, 1977

Senators	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Argue, Hazen	Regina	Kayville, Sask.
Asselin, Martial, P.C.	Stadacona	La Malbaie, Que.
Austin, Jack	Vancouver South	Vancouver, B.C.
Barrow, Augustus Irvine	Halifax-Dartmouth	Halifax, N.S.
Beaubien, L. P.	Bedford	Montreal, Que.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Bell, Ann Elizabeth	Nanaimo-Malaspina	Nanaimo, B.C.
Benidickson, W. M., P.C.	Kenora-Rainy River	Kenora, Ont.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Bourget, Maurice, P.C.	The Laurentides	Lévis, Que.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Cameron, Donald	Banff	Banff, Alta.
Choquette, Lionel	Ottawa East	Ottawa, Ont.
Connolly, Harold	Halifax North	Halifax, N.S.
Connolly, John J., P.C.	Ottawa West	Ottawa, Ont.
Cook, Eric	Harbour Grace	St. John's, Nfld.
Côté, Joseph Julien Jean-Pierre, P.C.	Kennebec	Longueuil, Que.
Cottreau, Ernest G.	South Western Nova	Yarmouth, N.S.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Don Mills, Ont.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Deschatelets, Jean-Paul, P.C.	Lauzon	Montreal, Que.
Desruisseaux, Paul	Wellington	Sherbrooke, Que.
Duggan, James	Avalon	St. John's, Nfld.
Eudes, Raymond	de Lorimier	Montreal, Que.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Ewasew, John	Montarville	Mount Royal, Que.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Forsey, Eugene A.	Nepean	Ottawa, Ont.
Fournier, Edgar	Madawaska-Restigouche	Iroquois, N.B.
Fournier, Michel	Restigouche-Gloucester	Pointe Verte, N.B.
Fournier, Sarto	de Lanaudière	Montreal, Que.
Frith, Royce	Lanark	Perth, Ont.
Giguère, Louis de G.	de la Durantaye	Montreal, Que.
Godfrey, John Morrow	Rosedale	Toronto, Ont.
Goldenberg, H. Carl	Rigaud	Westmount, Que.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Greene, John James, P.C.	Niagara	Niagara Falls, Ont.
Grosart, Allister	Pickering	Toronto, Ont.
Haig, J. Campbell	River Heights	Winnipeg, Man.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hayden, Salter A.	Toronto	Toronto, Ont.
Hays, Harry, P.C.	Calgary	Calgary, Alta.
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Inman, F. Elsie	Murray Harbour	Montague, P.E.I.
Lafond, Paul C.	Gulf	Hull, Que.

Senators	Designation	Post Office Address
THE HONOURABLE		
Laird, Keith	Windsor	Windsor, Ont.
Lamontagne, Maurice, P.C.	Inkerman	Aylmer, Que.
Lang, Daniel A.	South York	Toronto, Ont.
Langlois, Léopold	Grandville	Quebec, Que.
Lapointe, Renaude (Speaker)	Mille Isles	Montreal, Que.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Lucier, Paul Henry	Yukon	Whitehorse, Yukon.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
Macnaughton, Alan A., P.C.	Sorel	Montreal, Que.
Manning, Ernest C., P.C.	Edmonton West	Edmonton, Alta.
Marchand, Jean, P.C.	de la Vallière	Quebec, Que.
McDonald, A. Hamilton	Moosomin	Moosomin, Sask.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
McGrand, Fred A.	Sunbury	Fredericton Junction, N.B.
McIlraith, George J., P.C.	Ottawa Valley	Ottawa, Ont.
McNamara, William C.	Winnipeg	Winnipeg, Man.
Michaud, Hervé J.	Kent	Buctouche, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Neiman, Joan	Peel	Caledon East, Ont.
Norrie, Margaret	Colchester-Cumberland	Truro, N.S.
Olson, Horace Andrew (Bud), P.C.	Alberta South	Iddesleigh, Alta.
Paterson, Norman McL	Thunder Bay	Thunder Bay, Ont.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Quart, Josie D.	Victoria	Quebec, Que.
Riel, Maurice	Shawinigan	Westmount, Que.
Riley, Daniel	Saint John	Saint John West, N.B.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Rowe, Frederick William	Lewisporte	St. John's, Nfld.
Smith, Donald	Queens-Shelburne	Liverpool, N.S.
Smith, George I.	Colchester	Truro, N.S.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Steuart, David Gordon	Prince Albert-Duck Lake	Regina, Sask.
Sullivan, Joseph A.	North York	Toronto, Ont.
Thompson, Andrew	Dovercourt	Kendal, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Williams, Guy	Richmond	Richmond, B.C.
Yuzyk, Paul	Fort Garry	Winnipeg, Man.

SENATORS OF CANADA

BY PROVINCES

At Prorogation, October 17, 1977

ONTARIO—24

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Salter Adrian Hayden	Toronto	Toronto.
2	Norman McLeod Paterson	Thunder Bay	Thunder Bay.
3	John J. Connolly, P.C.	Ottawa West	Ottawa.
4	David A. Croll	Toronto-Spadina	Toronto.
5	Joseph A. Sullivan	North York	Toronto.
6	Lionel Choquette	Ottawa East	Ottawa.
7	Allister Grosart	Pickering	Toronto.
8	David James Walker, P.C.	Toronto	Toronto.
9	Rhéal Bélisle	Sudbury	Sudbury.
10	Daniel Aiken Lang	South York	Toronto.
11	William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora.
12	Douglas Keith Davey	York	Don Mills.
13	Andrew Ernest Thompson	Dovercourt	Kendal.
14	Keith Laird	Windsor	Windsor.
15	Richard James Stanbury	York Centre	Toronto.
16	Eugene A. Forsey	Nepean	Ottawa.
17	George James McIlraith, P.C.	Ottawa Valley	Ottawa.
18	John James Greene, P.C.	Niagara	Niagara Falls.
19	Joan Neiman	Peel	Caledon East.
20	John Morrow Godfrey	Rosedale	Toronto.
21	Royce Frith	Lanark	Perth.
22	Peter Bosa	York-Caboto	Etobicoke.
23			
24			

QUEBEC—24

	Senators	Electoral Division	Post Office Address
	THE HONOURABLE		
1	Sarto Fournier	de Lanaudière	Montreal.
2	Hartland de Montarville Molson	Alma	Montreal.
3	Josie Alice Dinan Quart	Victoria	Quebec.
4	Louis Philippe Beaubien	Bedford	Montreal.
5	Jacques Flynn, P.C.	Rougemont	Quebec.
6	Maurice Bourget, P.C.	The Laurentides	Lévis.
7	Azellus Denis, P.C.	La Salle	Montreal.
8	Jean-Paul Deschatelets, P.C.	Lauzon	Montreal.
9	Alan Aylesworth Macnaughton, P.C.	Sorel	Montreal.
10	J. G. Léopold Langlois	Grandville	Quebec.
11	Paul Desruisseaux	Wellington	Sherbrooke.
12	Maurice Lamontagne, P.C.	Inkerman	Aylmer.
13	Raymond Eudes	de Lorimier	Montreal.
14	Louis de Gonzague Giguère	de la Durantaye	Montreal.
15	Paul C. Lafond	Gulf	Hull.
16	H. Carl Goldenberg	Rigaud	Westmount.
17	Renaude Lapointe (Speaker)	Mille Isles	Montreal.
18	Martial Asselin, P.C.	Stadacona	La Malbaie.
19	Joseph Julien Jean-Pierre Côté, P.C.	Kennebec	Longueuil.
20	Maurice Riel	Shawinigan	Westmount.
21	Jean Marchand, P.C.	de la Vallière	Quebec.
22	John Ewasew	Montarville	Mount Royal.
23	Pietro Rizzuto	Repentigny	Laval sur le Lac.
24			

NOVA SCOTIA—10

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Donald Smith	Queens-Shelburne	Liverpool.
2	Harold Connolly	Halifax North	Halifax.
3	John Michael Macdonald	Cape Breton	North Sydney.
4	Margaret Norrie	Colchester-Cumberland	Truro.
5	Henry D. Hicks	The Annapolis Valley	Halifax.
6	Bernard Alasdair Graham	The Highlands	Sydney.
7	Augustus Irvine Barrow	Halifax-Dartmouth	Halifax.
8	Ernest George Cottreau	South Western Nova	Yarmouth.
9	George Isaac Smith	Colchester	Truro.
10			

NEW BRUNSWICK—10

	THE HONOURABLE		
1	Fred A. McGrand	Sunbury	Fredericton Junction.
2	Edgar Fournier	Madawaska-Restigouche	Iroquois.
3	Charles Robert McElman	Nashwaak Valley	Fredericton.
4	Hervé J. Michaud	Kent	Buctouche.
5	Michel Fournier	Restigouche-Gloucester	Pointe Verte.
6	Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine.
7	Daniel Riley	Saint John	Saint John West.
8			
9			
10			

PRINCE EDWARD ISLAND—4

	THE HONOURABLE		
1	Florence Elsie Inman	Murray Harbour	Montague.
2	Orville Howard Phillips	Prince	Alberton.
3	Mark Lorne Bonnell	Murray River	Murray River.
4			

MANITOBA—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	J. Campbell Haig	River Heights	Winnipeg.
2	Paul Yuzyk	Fort Garry	Winnipeg.
3	Douglas Donald Everett	Fort Rouge	Winnipeg.
4	Gildas L. Molgat	Ste. Rose	St. Vital.
5	William C. McNamara	Winnipeg	Winnipeg.
6			

BRITISH COLUMBIA—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo.
2	Edward M. Lawson	Vancouver	Vancouver.
3	George Clifford van Roggen	Vancouver-Point Grey	Vancouver.
4	Guy Williams	Richmond	Richmond.
5	Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver.
6	Jack Austin	Vancouver South	Vancouver.

SASKATCHEWAN—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Alexander Hamilton McDonald	Moosomin	Moosomin.
2	Hazen Robert Argue	Regina	Kayville.
3	Herbert O. Sparrow	Saskatchewan	North Battleford.
4	Sidney L. Buckwold	Saskatoon	Saskatoon.
5	David Gordon Steuart	Prince Albert-Duck Lake	Regina.
6			

ALBERTA—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Donald Cameron	Banff	Banff.
2	Earl Adam Hastings	Palliser-Foothills	Calgary.
3	Harry William Hays, P.C.	Calgary	Calgary.
4	Ernest C. Manning, P.C.	Edmonton West	Edmonton.
5	Horace Andrew (Bud) Olson, P.C.	Alberta South	Iddesleigh.
6			

NEWFOUNDLAND—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Eric Cook	Harbour Grace	St. John's.
2	James Duggan	Avalon	St. John's.
3	William John Petten	Bonavista	St. John's.
4	Frederick William Rowe	Lewisporte	St. John's.
5			
6			

NORTHWEST TERRITORIES—1

	THE HONOURABLE		
1	Willie Adams	Northwest Territories	Rankin Inlet.

YUKON TERRITORY—1

	THE HONOURABLE		
1	Paul Henry Lucier	Yukon	Whitehorse.

THE SENATE

OFFICERS AND CHIEFS OF PRINCIPAL BRANCHES

Clerk of the Senate and Clerk of the Parliaments	Robert Fortier, Q.C., B.A., LL.B.
Law Clerk and Parliamentary Counsel	R. L. du Plessis, Q.C., B.A., LL.L.
First Clerk Assistant	Alcide Paquette, B.A.
Gentleman Usher of the Black Rod	A. G. Vandelac, M.C., C.D.
Director of Administration and Personnel	J. Walter Dean
Editor of Debates and Chief of Reporting Branch	T. S. Hubbard
Director of Committees	Flavien J. Belzile, B.A.
Chief of Minutes and Journals (English)	Mrs. Jean F. Sutherland
Chief of Minutes and Journals (French)	Miss Madeleine Ouimet
Assistant Gentleman Usher of the Black Rod	Charles H. E. Askwith

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Assistant Chief of Reporting Branch	G. R. Baker
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Associate Editor and Senior Reporter, French	J. R. Langlois
Reporters	Aurèle Chénier, W. J. Culleton, G. K. Hubbard, D. L. Sellers, A. A. Gallagher, L. R. Powis, H. C. Warburton, Maurice Bolduc, N. C. Keeley, R. Johansson.

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Department of Secretary of State

Director, Special Operations	Roch Blais
Chief, Parliamentary Translations	André Audette
Chief of Debates	Mireille Couillard

LIBRARY OF PARLIAMENT

Parliamentary Librarian	Erik J. Spicer, C.D., B.A., B.L.S., M.A.L.S.
Associate Parliamentary Librarian	Gilles J. C. Frappier, B.A., B.Ph., B.L.S.

THE SENATE

Tuesday, October 12, 1976

OPENING OF SECOND SESSION THIRTIETH PARLIAMENT

Parliament having been summoned by Proclamation to meet this day for the dispatch of business:

The Senate met at 1.45 p.m., the Speaker in the Chair.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker: Honourable senators, I have received the following communication:

GOVERNMENT HOUSE
OTTAWA

October 12, 1976

Madam,

I have the honour to inform you that His Excellency the Governor General will arrive at the main entrance of the Parliament Buildings at 1.40 p.m. on this day, Tuesday, the 12th of October 1976, and when it has been signified that all is in readiness, will proceed to the Chamber of the Senate to open formally the Second Session of the Thirtieth Parliament of Canada.

I have the honour to be,
Madam,
Your obedient servant,
Esmond Butler
Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At 2 p.m. His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and, that House being come, with their Speaker, His Excellency was pleased to open the Second Session of the Thirtieth Parliament of Canada with the following speech:

[*Translation*]

Honourable Members of the Senate:

Members of the House of Commons:

I have the honour to welcome you to the Second Session of the 30th Parliament of Canada.

I am proud to be able to speak with you once more after an absence occasioned by an affliction which forced my withdrawal from public life for a time.

I now have a better understanding of our human frailty, but I have also learned the depths of devotion of those who love us as well as the strength of the human will to survive.

I would like to take this opportunity to offer my thanks to all my fellow citizens who sent their best wishes for my health and who remembered me in their prayers.

The activities of this year have taken me from the grounds of Rideau Hall and across the country. Two of my engagements took me to Vancouver, for the United Nations Habitat conference, and to Montreal, for the Olympic Games.

The whole world was our guest for these two events, and I was struck by the contrast between those of us in Canada who are sometimes inflicted with morbid self-analysis, and those who come to us from other lands, and see Canada as a country truly blessed.

[*Text*]

For the Olympic games, the Queen and her family came to Quebec and Ontario, after a visit by Her Majesty and Prince Philip to Nova Scotia and New Brunswick; everywhere they received a warm welcome.

Next year, of course, Her Majesty will celebrate the Silver Jubilee of her accession to the Throne. She will be spending a few days in Ottawa to celebrate it with us, and to celebrate also the Jubilee of the appointment of the first Canadian-born Governor General in Canada, and the 10th anniversary of the foundation of the Order of Canada. This will be the seventh time in ten years that the Queen has visited Canada.

As we assemble in this historic place the day after Thanksgiving Day, it is fitting for all of us to pause and give thanks for the remarkable freedom we enjoy as Canadians, and for those human and natural resources which give Canada a favoured position among the nations of the world.

Because of the basic underlying strength of the economy, and because of the co-operation of the majority of Canadians which is making the anti-inflation program work, Canada has better reasons for confidence and optimism than has virtually any other nation. Our storehouse of natural resources, our food-producing ability, our labour and management skills present Canada with growth opportunities which are shared by

few other industrialized countries. The fundamental reality which will guide your deliberations is that Canada is entering upon a decade of opportunity.

It is our strength, and our confidence in ourselves which give us the real opportunity to make greater progress toward those goals which all Canadians share—national unity, equality of opportunity, and the enhancement of individual rights.

I—National Unity

In order to promote that level of unity among Canadians without which we cannot be truly free, truly one nation, nor hope to achieve our shared national goals, the Government will place a very high priority upon the promotion of better understanding among French-speaking and English-speaking Canadians, and upon the achievement of formal constitutional independence.

Since 1968 the policy of official languages, supported by all parties represented in Parliament, has been based on the principle of equality, and on the right of Canadians to speak English or French according to their own will. An essential consequence, agreed by Parliament, is that the federal government provide services in the two official languages in the National Capital, and wherever else there is sufficient demand for such services.

The policy is one of fairness and reasonableness toward the people speaking the two official languages of Canada; and the Government is of the view that it must be maintained in the interests of justice and of the unity of Canada.

Canada is a diverse country. Unity can result only from a recognition of that diversity, and not from any attempt to impose rigid uniformity. In matters of language and culture, it is important to recognize the personality of the various parts of the country without departing from fundamental principles of justice and generosity, which should apply everywhere.

The Government has established programs intended to give real meaning to the official languages policy. Some of these measures have proven successful, and will be continued. Others have not, and will be modified.

Grievances originating from public servants through the Commissioner of Official Languages will continue to be reviewed, in order to fulfill the Government's commitment to ensure maximum fairness and effectiveness in the implementation of the official languages policy.

The Government remains committed to the enhancement of the bilingual capacity of the federal public service. However, it believes that a better balance should be established between the money spent to introduce bilingualism in the public service and the money spent to enable more Canadians, particularly young people, to learn to communicate in both official languages. The Government is convinced that a great majority of Canadians are dedicated to the strengthening of bonds among Canadians speaking our two official languages, and belonging to our many different cultures.

[*Translation*]

Canadians appear particularly anxious that their children have the best possible chance of understanding their compatriots of the other language. Consequently, the Government intends to discuss with the provinces arrangements to increase the effectiveness of training in both official languages in the school systems across Canada.

The Government also intends to increase programs to enable young people from various parts of the country to learn more about one another.

II—Equality of Opportunity

While it is essential to national unity that all Canadians believe we have an equal opportunity to be fully ourselves in a cultural sense, it is just as essential to unity that we enjoy equal opportunities for individual and regional economic fulfilment.

To translate Canada's economic potential into real growth and equality of opportunity, we must be both clear-sighted in our recognition of the obstacles which lie in our path, and united in our determination to remove them.

The most important obstacle is inflation; a destructive force which we all know can take jobs and income away from our workers, rob the elderly of the value of their savings, stunt the dreams of families for a better life, impede the flow of capital necessary for industrial growth, and obstruct the fight against poverty and inequality.

The continued reduction of inflation, and the creation of many more employment opportunities for Canadians, are and will continue to be the Government's highest priorities.

To create the climate necessary for the achievement of these two vital objectives, the Government will continue to practice fiscal restraint. The control of inflation will remain the single most important condition for economic stability in Canada, even after price and income controls are removed. Determined restraint in fiscal and monetary policy is essential to the long-term control of inflation.

The Government remains committed to a reduction in the growth of the public service. In the ten years prior to 1975-76 authorized man-years in the public service grew at an average annual rate of 4 per cent. This year the growth rate was reduced to 1.5 per cent, requiring actual reductions in 27 departments and agencies. The Government will reduce the rate of growth to below one per cent in the coming fiscal year.

In a further effort to reduce the size of government as well as expand the range of opportunities for private enterprise, all federal programs will be reviewed to identify those government activities which could be transferred to the private sector without reducing the quality of service to the public.

The international trading environment will profoundly influence our economic performance, and significant progress will be sought by Canada in the Multilateral Trade Negotiations and through other trade development initiatives. To support private industry in meeting greater international competition,

the Government will modify substantially its industrial assistance programs.

[*Text*]

The Government also places a very high value on the contribution small businesses make to the economic and social well-being of Canadians. Small owner-managed firms are a mainstay of employment in cities and towns across the country. They supply goods and services essential to consumers and to other business, and they demonstrate the innovation and entrepreneurship from which successful enterprise must spring. More than that, small businesses, and the people who own them, manage them, and work in them, are the economic backbone of countless communities throughout Canada.

The Government will introduce measures to assist small businesses by improving local access to financial assistance and other services provided by government departments, the Federal Business Development Bank, and financial institutions in the private sector.

In response to concerns expressed by many Canadian businessmen, the Government will establish a better balance between the need for economic data, and the paperwork burden thereby imposed on small firms. The number of firms required to make statistical reports to government will be substantially reduced. Those larger companies which will still be required to submit information on a regular basis will be able to do so on fewer and simpler reporting forms.

In pursuit of the goal of a higher rate of employment, it will be necessary to improve the efficiency of the labour market and actively hasten the return of unemployed workers to productive effort. Adequate income is a pre-requisite to human dignity; and the Government believes most unemployed Canadians would much prefer to secure that income through worthwhile work than through public assistance. In some cases, and locations, this goal can be achieved only through direct job creation by governments.

You will therefore be asked to approve a comprehensive, year-round, direct job creation program, directed particularly toward areas of chronic high unemployment. Other programs will provide more job opportunities and improved employment counselling for young people.

The Government will not compete with the private sector for the services of unemployed workers, but will create jobs in areas where its efforts will be a necessary supplement to private sector activity.

You will be asked to amend the Unemployment Insurance Act in ways which will permit insurance funds to be used to maintain the income of Canadians being trained for new jobs, and to help employers retain workers who might otherwise be temporarily laid off.

To facilitate these improvements, the Government proposes the merger of the operations of the Unemployment Insurance Commission and the Manpower and Immigration Department, so that Canadians may obtain employment support services at a single source.

You will be asked to consider amendments to the Immigration Act, designed to promote Canada's regional and urban development goals, promote family unity, achieve a balance between immigration levels and employment opportunities, and preserve Canada's reputation as an open, tolerant society which welcomes the energy and cultural diversity of people from all parts of the world.

[*Translation*]

The improvement of labour-management relations in Canada is an essential pre-condition to economic stability. While it considers the collective bargaining system to be one of the important ways of ensuring fair wages in a democratic society, the Government and Canadians generally are deeply disturbed by the loss of productivity and increased social tensions which frequently result from the inadequacies of that system.

The solution is not to be found in excessive restriction of collective bargaining rights, but rather in the development of better mechanisms for settling disputes in a less adversarial, more co-operative manner.

The Government therefore intends to work with the provinces and with labour and business communities to develop a number of initiatives aimed at improving labour-management relations.

It is intended to establish a collective bargaining information centre, which will offer objective economic and compensation data to all parties. It is also intended to encourage greater participation by plant workers in decisions affecting their working conditions; to expand labour education programs; to develop a voluntary code of fair practices; and to establish a national institution dedicated to improving the quality of life in the workplace.

An industrial safety and health centre will be established to assist companies and workers in their efforts to identify and remove hazards.

The Government will work closely with its own employees in various departments and Crown corporations to implement innovative, co-operative methods of improving health and safety conditions. In effect, the Government intends to use its own operations to test new methods of improving working conditions and labour-management relations.

[*Text*]

Measures will be proposed to improve the collective bargaining system in the public service, to reduce the adversarial nature of the process and to ensure an equitable relationship between compensation levels in the public and private sectors.

The Government intends to promote greater freedom and efficiency in the marketplace, and thus reinforce the market system's vital role in the allocation of national resources among national needs.

Significant revisions to laws promoting competition in the marketplace will be placed before you. The Government is determined to preserve and enhance Canada's traditional policy of reliance on individual enterprise as the mainspring of economic activity.

The focus of the second stage of competition policy reform will be a strengthening of the laws governing mergers and monopolies in order to encourage a more efficient and dynamic economy; one that rewards the creative and the industrious; that allows prices to be determined by the free play of market forces while protecting the marketplace from excessive concentrations of power. The more effectively competition governs the marketplace, the less necessity there will be for detailed regulation and control of the economy by governments.

On the other hand, where competition is inadequate the Government must intervene to protect the public interest. For this reason, changes will be introduced to the National Transportation Act to protect against unfair freight rates.

There is a growing awareness among Canadians of the need for more careful conservation of vital energy resources such as petroleum and natural gas. The Government will place further emphasis on research and development of renewable energy sources and on means of improving the efficiency with which energy is used in Canada, particularly the thermal efficiency of residential and commercial buildings.

To ensure responsible development of our indigenous resources, the Government intends to introduce measures to regulate exploration and development on federal lands.

With a view to conserving the food resources of the sea, and improving the livelihood of Canadian fishermen, the Government will proclaim by the first of January its extended jurisdiction over waters within two hundred miles of our coastline.

As a further element of the Government's food policy, measures will be introduced to make more farm-stored crops eligible for advance payments. The Government will also work with the provinces and farm organizations to strengthen the structure and productivity of Canadian agriculture.

[*Translation*]

In the field of social policy, extensive federal-provincial discussions over the past three years have resulted in a new framework for the sharing of costs and for making social service programs more responsive. Parliament will therefore be asked to consider a new Social Services Act which will substantially improve the effectiveness of cost-shared social services in Canada, especially for the aged, children and the handicapped.

In response to the need for good day-care services everywhere in Canada, the Government will help to provide more and better day-care services by encouraging the provincial governments to adopt a new system of fees related to incomes. A great many more Canadian mothers who seek employment outside the home will thereby be free to do so, because partially subsidized day-care will be more widely available.

You will be asked to consider amendments to the Canada Pension Plan which would further recognize the value of the contribution made to the family and society by both marriage partners, in the event that one remains at home to raise children while their partner works outside the home, or in the event of marriage breakdown.

On January first, the indexing of family allowance payments will be resumed to compensate for the rise in the cost of living during 1976.

In the areas of medical insurance, hospital insurance and post-secondary education, negotiations will continue with the provinces concerning the gradual introduction of new financial and administrative arrangements. These changes would not only allow the provinces to exercise greater flexibility in the provision of services, but would also serve the federal government's goal of co-operative restraint upon the rising cost of health and social security programs.

Of equal importance to the social well-being of Canadians is an adequate supply of affordable housing in a satisfactory community environment. Therefore, the goal of one million new homes over four years remains a key element of the Government's housing policy. In concert with other levels of government and the private sector the Government will work to increase the efficiency and impact of Canada's total housing effort.

The Government attaches continuing importance to meeting the aspirations of Canada's native peoples and, in particular, to the just settlement of their land claims. At this session, you will be asked to approve the negotiated settlement of claims in the James Bay region.

In the aftermath of the highly successful Montreal Olympics, and the gratifying results achieved by Canadian athletes, federal support for selected amateur sport and fitness programs will be further augmented.

[*Text*]

This year, the Law Reform Commission of Canada submitted a report on family law which merits the attention of all Canadians. The Government intends to carry on discussions with the provinces to encourage the creation of unified Family Courts with comprehensive jurisdiction over family law permitting disputes to be dealt with more constructively. In addition the government will discuss with the provinces and with the public other aspects of family law bearing on the stability of marriage, the protection of children and the fair sharing of the economic consequences of marital breakdown.

Canadians are becoming increasingly sensitive to the fact that Canada cannot live in dignity as a nation while other people, in less fortunate lands, live in a state of deprivation and hopelessness.

It is not in Canada's economic, political or moral interest to allow the gap to widen between the wealth of the few and the poverty of the many. Therefore the Government will continue to participate in the task of shaping a new international economic order, designed to provide a greater measure of hope to nations seeking the opportunity to help themselves.

The world is now confronted with a broad range of problems of such complexity and widespread scope that no single nation or group of nations is able to apply effective solutions. Only global solutions will do.

Increasingly, therefore, Canada's international activities are being directed toward broad-scale co-operative activities.

Human settlements, the law of the sea, environmental protection, food and resources production, terrorism, population growth, control of nuclear armaments, economic development—all demand shared responsibility and universal involvement.

[*Translation*]

III—Individual Freedom

In speaking about the Government's plans to promote greater unity of spirit and equality of opportunity both in the world community and here at home, it becomes obvious that the achievement of both these goals demands a healthy respect for individual rights, particularly the right of free men and women to exert a real influence over decisions affecting their own future.

At a time of growing complexity in public affairs it is especially important to enhance the citizen's right of access to the information necessary to make well-informed judgements and take responsible action.

The Government therefore places great value on the continuing work of the joint parliamentary committee which has been studying the question of freedom of information, and plans to submit a policy paper to that committee in the hope that early agreement might be reached on the best methods to improve public access to government information. In the meantime, the Government will increase the number and range of internal documents available to the public.

To the same end, you will be asked to consider a Bill designed to clarify the duties and responsibilities of the Auditor General of Canada, and to provide him with better means of fulfilling his important function as a servant of Parliament.

In a similar effort to remove obstacles to information and to equal opportunity, the Government will introduce a Human Rights Bill. The major effect of the Bill will be to prohibit discrimination on the grounds of race, colour, national or ethnic origin, religion, age, sex, marital status, or physical handicap. In particular, the Bill will establish the principle of equal compensation for work of equal value performed by persons of either sex. It will establish a citizen's statutory right to gain greater access to personal records in federal information banks and to correct that information when it is in error. It will also limit the gathering of personal information by the Government.

[*Text*]

The Government and all Parliamentarians are concerned about the extent to which the average citizen is informed about Parliament. The Government wishes to provide access to the Parliamentary process for as many Canadians as possible. It will therefore seek approval to enable the proceedings of the House of Commons to be broadcast.

IV—Role of Government

It is essential to the enhancement of unity, equality of opportunity and individual freedom that Canadians work together in a spirit of co-operation and mutual respect. To that end, it is important for all participants to have a well defined view of their respective roles in the pursuit of national objectives.

It is appropriate, therefore, to define the role of government in economic and social planning and action. There are some who acknowledge only a very limited role for government, believing that the market system allocates resources most efficiently for production and growth, is least wasteful, and most conducive to individual liberty and initiative.

That view is vigorously opposed by those who insist on a continually expanding role for government in directing economic growth, correcting the inadequacies of the market system, and assuring a socially acceptable distribution of incomes. This view asserts that government spending and intervention must increase to compensate for the failure of the market to serve social goals.

The Government favours a middle road between those two extremes.

This middle road represents a commitment to a society in which all Canadians can develop their full potential, a society in which justice, compassion, tolerance and understanding lead to a strong and united Canada, a society based upon individual initiative and marked by personal freedom. The choice of the middle road implies a reliance on the market to stimulate the growth Canada needs, together with an enduring commitment to social justice and equality of opportunity. On the other hand, that choice also implies that the working of the market must be improved and that less costly, less interventionist ways must be found to pursue social goals.

These choices have shaped the Government's legislative program for the coming months, just as it will shape appropriate policies for the post-control period.

Obviously, the development of the new strategies required by the times in which we live will demand the closest possible co-operation among governments, workers, businessmen, cooperative and voluntary organizations and all other sectors of society. To that end, the Government will launch a major series of consultations throughout Canada to secure a greater sharing of economic and social responsibility among all Canadians.

Consultation in this context does not mean simply informing the public about Government decisions. Nor does it mean an aimless search for the opinions of others. It means that the Government will place before interested Canadians its assessment of the major problems we must solve together, and its definition of the available options.

Parliament will have a vital role to play, as of course will the provincial governments and their municipalities. For example, the provinces will be asked to enter into early consultations with the federal government on the renewal of agreements relating to the anti-inflation program, and on the process by which, at the appropriate time, controls may be removed.

The Government is confident that Canada will realize the great potential of the next decade, because Canadians in all

sectors of our society are opening their minds to the future, and are demonstrating a willingness to adopt the means necessary to translate opportunity into reality. Canada will make steady progress toward the goals of national unity, equality of opportunity, and the enhancement of individual freedom, because the people of this country have the courage to tackle difficult problems, the will to take our own future into our own hands, and the wisdom to understand that we work effectively only when we work together.

You will be asked to consider other legislative proposals.

Members of the House of Commons,

The Government intends to present a budget in this Session.

You will be asked to appropriate the funds required to carry on the services and expenditures authorized by Parliament.

Honourable Members of the Senate,

Members of the House of Commons,

May Divine Providence guide you in your deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Senator Langlois presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION NEXT SITTING

The Hon. the Speaker: Honourable senators, I have the honour to inform you that His Excellency has caused to be placed in my hands a copy of His Speech delivered this day from the Throne to the two Houses of Parliament. It is as follows:

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall the Speech be taken into consideration?

Senator Langlois moved, seconded by Senator Hayden:

That the Speech of His Excellency the Governor General, delivered this day from the Throne to the two Houses of Parliament, be taken into consideration at the next sitting of the Senate.

Motion agreed to.

THE SENATE

SIMULTANEOUS INTERPRETATION—QUESTION

Senator Croll: Honourable senators, may I ask why the simultaneous interpretation facilities are not available today?

Senator Flynn: To whom are you directing your question?

Senator Croll: To Madam Speaker. Somebody must be in charge.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

Senator Langlois moved, seconded by Senator Flynn:

That all the senators present during this session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Senator Langlois moved, seconded by Senator Flynn:

That pursuant to rule 66, the following senators, to wit: The Honourable Senators Bourget, Choquette, Denis, Flynn, Grosart, Inman, Langlois, Macdonald, Perrault, Petten and Quart, be appointed a Committee of Selection to nominate senators to serve on the several standing committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 13, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HONOURABLE J. HARPER PROWSE

TRIBUTES

Hon. Raymond J. Perrault: Honourable senators, we were all saddened to learn of the death on September 28 of our esteemed colleague, Senator J. Harper Prowse. For over ten years he was a distinguished member of this chamber, where he was a strong voice for Canada, for western Canada, and certainly for his native Alberta.

Above all he will be remembered by all of us as a man of infinite compassion, because he was a humanitarian in every sense of the word.

The late Senator Prowse was a graduate of the University of Alberta Law School. In 1938 he had embarked on a career in journalism. He joined the Edmonton *Bulletin*—a publication no longer in existence—and was a writer for that newspaper. When the Second World War broke out he enlisted in the Loyal Edmonton Regiment. He spent six years overseas and was twice wounded in action.

As many honourable senators know, Senator Prowse was first elected to the Alberta Legislature in 1944 as one of three non-political representatives of the armed forces, and at the same time he continued his journalistic career, writing a popular veterans affairs column in the *Bulletin* entitled "The Road Ahead."

He was elected leader of the Liberal Party in 1947, at a difficult time for his party in the history of politics in Alberta. He was a challenging opponent to the government of the day, headed by our distinguished colleague, Senator Manning. Senator Prowse held that position until resigning as leader of his party in 1958, and retiring from provincial politics in 1959.

It was during the period when Senator Prowse was leader of the Liberal Party in Alberta, and all the challenges and vicissitudes which that meant in terms of being in opposition to a strong government, that I came to know him personally and came to be inspired by many of the concepts and ideals which he enunciated and propagated during that time.

He was summoned to the Senate in February of 1966 and served on our Finance, Transportation, and Legal and Constitutional Affairs Committees, and worked with a great deal of distinction despite his physical disabilities.

The Edmonton *Journal,* in an editorial tribute to our late colleague, wrote:

> J. Harper Prowse was a man of many talents and many interests. He tried much and accomplished much. He was a man to whom adversity was inspiration.

His death at the age of 63, an untimely death, is a severe loss to this chamber, and I am sure that all honourable senators will wish to join with me in expressing our deepest sympathy to his mother, his wife Irene, his daughter Dianne, his son James, and his other relatives and many friends.

Hon. Jacques Flynn: Honourable senators, in Harper Prowse death has claimed a man of fortitude and vision, a libertarian who fought valiantly and effectively in defence of personal freedom. Senator Prowse was concerned about the encroachment of government, labour, the business community, and indeed, of society in general, upon the rights and privileges of the individual Canadian.

He was an exceptionally fine orator, one of the classical variety, and he was never better on his feet than when he was castigating authoritarians and defending the little guy against a huge, insensitive society mostly governed by bureaucrats.

We will miss Harper Prowse because he saw so vividly the dangers for the individual in an overgoverned society. Not only did he see what most of us miss, but spoke out forcefully, with the eloquence that commands respect and ensures a hearing.

Anger was not, to him, a vice; it was a cleansing virtue; and though he was a most pleasant, amiable and, indeed, very sensitive man, Harper Prowse, as a politician and protector of individual rights, could most accurately be described as an angry man. He had another reason to appear to be an angry man. A political career for a Liberal in Alberta in the last 40 years was as frustrating and punishing a career as it was for a Conservative in Quebec.

Those of us who are concerned about the erosion of individual liberty mourn the passing of Harper Prowse, a comrade in arms. To his wife and children I offer, on behalf of my colleagues in the opposition, our most heartfelt condolences.

Hon. David A. Croll: Honourable senators, we all referred to Senator Prowse as "Harper." His correct name was James Harper Prowse, and he was born in Taber, Alberta. His grandfather was a member of the Senate from Murray Harbour, Prince Edward Island. He graduated from Dalhousie University, and the University of Alberta, in law. He loved the law, and, more particularly, the criminal law. He understood its nuances and its compassion. He was a very good lawyer, and one of the best jury lawyers in the west.

He was a reporter for the Edmonton *Bulletin* for a while, and had a radio program on CFRN in Edmonton. Then he practised law in Edmonton and subsequently enlisted in July

1940, and served until March 1945 during World War II. He was wounded in action in 1943 while serving with the Loyal Edmonton Regiment in Ortona, Italy, and in 1945 was elected as a representative of the army to the Alberta Legislature.

He was elected Liberal leader in 1947, and held that office for 11 years, faced with a government of pragmatic competence. He resigned and went back to the practice of law, but public affairs held his attention and he was called to the Senate in 1966. He immediately made Canada aware of western viewpoints; he presented them constantly and appealingly, and his advocacy was strong.

● (1410)

We thought he was a great speaker, but the truth of it is that he was more than that. He was an orator. There was always a melody of syntax in his speeches. When he got on the floor, words cascaded from his lips like a rushing brook, and he used them unsparingly. He was a delight to listen to.

He served on many committees. He was Chairman of the Standing Senate Committee on Legal and Constitutional Affairs. He was a man devoted to public service, and more particularly to the needy and the helpless. He did that by will and tradition.

In recent years he was plagued with illness, and it was obvious to all of us here that the bell was beginning to toll for him.

He was a decent man, who served this country in peace and war; a great friend of the veterans and of the poor; a humanitarian. He did the very best he could. He was a credit to the public service of Canada and to the Senate of this country.

I join my colleagues in extending to his wife and his family the sympathy of this chamber.

Hon. Ernest C. Manning: Honourable senators, I would like to join in the fitting tributes that have been paid to the late Senator Prowse, and also in the condolences that we all wish to express to his wife and family.

I knew Senator Prowse primarily in his capacity as Leader of the Opposition in the Alberta Legislature for the eleven years that he served in that capacity. He was a dynamic man, but he was also a man, as has been rightly said, of deep compassion, a man who was always quick to be a friend of the underdog or anyone whom he felt needed somebody to speak for him.

He made a significant mark in the political life of western Canada, as I am sure we would agree he did on the broader field after he became a member of this house. As a fellow Albertan, and as one who also knew him in a rather different relationship from others during his work in Alberta, I would like to join in paying tribute to his memory and in offering condolences to his family.

Hon. Earl A. Hastings: Honourable senators, I should like to join in this tribute to Senator J. Harper Prowse. I do so in the context of not only the loss of a colleague, not only the loss of a seatmate of eleven years, or of having shared an office with him for five years, but the loss of a close, dear, personal friend of nearly 30 years in the public and political life of our province, Alberta.

Some of the clearest memories I shall always have of Harper are those of two qualities of character: concern and courage. He had concern for the underdog, as has been stated, the underprivileged, the handicapped, the native, for it was Harper's view that ways and means had to be found to give these people a square deal in the difficult vagaries of life. He always exerted himself with all those capabilities which have been alluded to in order to give them a better quality of life.

Courage: Harper displayed a courage in his younger years that was exemplified in combatant sport. He loved to tell how he became light-heavyweight champion of Military District No. 12, but in all sports he excelled. He showed courage while leading men into battle, himself being wounded twice at Salerno; and courage when, a man 39 years of age, he returned to university during the days when 39-year olds did not return to universities, to attain a law degree by which he could better fulfil his responsibilities in life. He had courage, as the Leader of the Opposition has indicated, to lead men and women to common goals.

Honourable senators, in joining in your expression of sympathy to his wife Irene, his son James, his daughter Dianne, and particularly his mother, Mrs. Margaret Prowse, and the Prowse family, I offer this totally sincere yet inadequate tribute to a distinguished son of Alberta, James Harper Prowse.

Hon. Donald Cameron: Honourable senators, as a former Edmontonian it was my privilege to know Harper Prowse in the days during which he was a student at the University of Alberta. From the earliest times he displayed a tremendous interest in public affairs and a determination to serve his community in whatever capacity he could. Over the years he achieved a certain measure of distinction serving his friends, his neighbours, his province and his country. He frequently came into my office at the university when he was a student, and even in those days he had the determination to make a career in the public service. As a consequence, I followed his career with a great deal of interest and was delighted when he became the leader of the Liberals in Alberta, in which capacity no man served with more dedication.

I was one of those who were very pleased when he was appointed to the Senate, because I felt that, as so often happens in public life, the people of his own province did not reward his worth as well as they might have. He was a dedicated chap; he gave everything he possessed to whatever cause he was espousing. He was a warm friend and colleague. The Senate has lost a distinguished member, and the community of Edmonton a dedicated public servant.

Hon. Harry Hays: Honourable senators, I also would like to join my colleagues in paying tribute to J. Harper Prowse. I did not know him until about 1960, at the time I became involved in the political arena. I found Harper to be good company. He never held a grudge; he liked to participate in debates and if the debate became a little hot, why, he enjoyed that, and at the

conclusion was always able to shake hands with the person with whom he had been debating.

● (1420)

It is rather unfortunate that he never had an opportunity to be part of the government that was active in formulating policies in Alberta. He was always a member of the opposition. Had he had an opportunity of being a leader in Alberta, in my opinion he would have done a great job.

I too would like to express my sympathy to his family. I knew Harper as a friend, and western Canada certainly is better off that he lived.

THE SENATE

SIMULTANEOUS INTERPRETATION—QUESTION ANSWERED

The Hon. the Speaker: Honourable senators, yesterday the Honourable Senator Croll rose to ask the following question:

> Honourable senators, may I ask why the simultaneous interpretation facilities are not available today?

When openings of Parliament are formal openings, simultaneous interpretation is not possible because the desks of honourable senators are removed to make way for benches in order to accommodate the guests who sit in this chamber. In the event of informal openings, such as the one held yesterday, I am trying to find out whether or not simultaneous interpretation was provided in the past and, if not, for what reason. However, after consultation with officers of the Senate and with the media, I am now able to advise honourable senators that simultaneous interpretation will be provided at all future openings when senators' desks are in place.

THE SENATE

On the presentation of petitions:

Senator Perrault: Honourable senators, there are no petitions to present. However, may I state that I look forward to working together with all honourable senators in another very active and productive session.

It is the intention of the government to advance useful legislation which, I am sure, will invite debate on occasion—will not provide too much debate, perhaps, but a certain amount of spirited discussion.

It is good to see so many colleagues here this afternoon, some of whom encountered health disabilities in recent months and are once again restored to good health and spirits. I know that all honourable senators join me in welcoming them back in our midst.

SPEECH FROM THE THRONE

TERMINATION OF DEBATE ON ADDRESS IN REPLY ON EIGHTH SITTING DAY

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i) I move, seconded by Senator Perrault:

> That the proceedings on the order of the day for resuming the debate on the motion for an Address in reply to His Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated.

Motion agreed to.

PROVINCE OF NOVA SCOTIA

EQUALIZATION GRANTS—QUESTION

Senator Smith (Colchester): Honourable senators, I should like to direct the following question to the Leader of the Government: What arrangement did the Minister of Energy, Mines and Resources have in mind when he said, as reported in the press, that there was an arrangement whereby Nova Scotia would receive an additional $10 million in equalization grants this year related to assistance because of the higher cost of fuel oil.

What is that arrangement? By what amount will assistance be granted under this arrangement, and when will it be received?

Senator Perrault: Honourable senators, having regard to the technical nature of the question, I shall take this as a notice and endeavour to provide a complete reply at the earliest possible date.

Senator Smith (Colchester): Perhaps I might add by way of reference, in the hope that it may be of some assistance, that a report relating to this matter appeared in the *Globe and Mail* on October 5.

MINUTES OF THE PROCEEDINGS

ERROR IN FRENCH TEXT

Senator Langlois: Honourable senators, before the Orders of the Day are called, I would like to draw the attention of this chamber to an error in the French version of the *Minutes of the Proceedings* made available to us this day.

At page ii of the Orders of the Day for today, the English version reads as follows:

> Consideration of His Excellency the Governor General's Speech from the Throne at the opening of the Second Session of the Thirtieth Parliament of Canada.

In the French version at the same page, under the heading "Ordre du jour," the translation reads as follows:

[*Text*]

> Étude du discours de Son Excellence l'Administrateur du Gouvernement du Canada lors de l'ouverture de la deuxième session de la trentième Législature du Canada.

[*English*]

The error is quite evident, and I hope it will be corrected in due course.

Senator Flynn: It was probably copied from the proceedings at the beginning of the last session.

Senator Langlois: Or possibly from the closing of the first session which also took place yesterday.

[*Later:*]

ERROR IN ENGLISH TEXT OF SPEECH FROM THE THRONE

Senator Greene: On a point of privilege, I should like to draw the attention of honourable senators to page 4 of the *Minutes of the Proceedings* of October 12, 1976, which purports to report the Speech from the Throne. The second paragraph reads as follows:

> In a further effort to reduce the size of government as well as expand the range of opportunities for private enterprise, all federal programs will be reviewed to identify those government activities which could be transferred to the private sector without the quality of service to the public.

If honourable senators will check *Hansard* of yesterday's date, which correctly reports the Speech from the Throne, they will see that it should read: "... without reducing the quality of service to the public."

Senator Flynn: It is an obvious error.

Senator Greene: I think honourable senators will agree that that is a very serious error, and one which should not be permitted to be made permanent in our records.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of His Excellency the Governor General's Speech at the opening of the session.

[*Translation*]

Hon. Paul H. Lucier moved, seconded by Hon. Irvine Barrow:

> That the following Address be presented to His Excellency the Governor General of Canada:
>
> To His Excellency the Right Honourable Jules Léger, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit, holder of the Canadian Armed Forces decoration, Governor General and Commander-in-Chief of Canada.
>
> May it please Your Excellency:
>
> We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada, in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

He said: Honourable senators, in introducing this motion I ask for your indulgence because it is the first time that I have the privilege to rise before you in this house.

The Speech from the Throne read yesterday by their Excellencies, Governor General Léger and Mrs. Léger, covers several major programs such as bilingualism, the fight against inflation, appropriate steps to help small businesses as well as the creation of new jobs. However, all those initiatives will be useless unless we Canadians develop a positive attitude and stop destroying, as we have done in the past, everything governments try to do.

Government alone cannot accomplish much. No legislation will give results unless we realize that our action will determine whether we will win or lose by it and in that respect we try to create a better Canada.

The good intentions of the government to work in cooperation with the provinces as well as labour and business to develop initiatives to improve employee-employer relations will not be successful without the cooperation of all parties concerned.

We are privileged in these difficult times to have a determined Prime Minister who has the courage to do what must be done for the good of all Canadians. However, I must agree that no legislation will give results without the cooperation and the good will of each and every one of us.

● (1430)

[*English*]

Being fortunate enough to be honoured by appointment as the first senator to represent the Yukon, I would like to take this opportunity to help you better understand the Yukon and its people.

On August 17, 1896, George Carmacks scooped a pan of gravel from a small creek, panned it and found the bottom of the pan littered with small gold nuggets. The greatest gold rush in history was on. The word "Klondike" was heard all over the world.

The journey to Dawson was no easy task. People poured on to anything that floated in Vancouver or Seattle, made their way to Skagway, Alaska, and walked over the rugged Chilkoot Trail to Bennett, British Columbia, where rafts and boats were built for the 500-mile trip down the Yukon River. Getting to Dawson was very difficult, and only the very determined made it. Where only a few tents existed, there suddenly appeared a city of 30,000 people. In fact, Dawson was the largest city west of Winnipeg at the turn of the century. Dawson presently has a population of only 800. Parks Canada has recently revealed the framework of a very ambitious restoration program which will permanently secure the colourful history of the Gold Rush for further generations of Canadians.

Things were relatively quiet in the Yukon until World War II when Canada and the United States decided that for military purposes there should be a road linking Alaska and the Yukon. In a period of approximately 10 months a road was pushed through mountains and valleys, over creeks, rivers and swamps from Dawson Creek, British Columbia to Fairbanks, Alaska. This was 1,525 miles through absolute wilderness. It would take us twice that long just to do a feasibility study on it today, let alone build it!

Senator Croll: How true!

Senator Lucier: The Alaska Highway is a first-class, all-weather highway with approximately one-third of the total distance asphalt-surfaced.

The economy of the Yukon today is based mainly on mining and tourism. We have a very healthy mining industry on which the territory is heavily dependent for its economic growth. Vast stores of copper, asbestos, lead, zinc, silver, gold and iron produced half a billion dollars' worth of minerals during the past seven years. The second major industry, tourism, has grown over the years to the extent that within a recent 12-month period over 300,000 visitors to the Yukon spent an estimated $25 million.

I now wish to discuss some of the major issues we are facing in the Yukon which the Senate will deal with at some point in the future. Other comments I make will be of a general nature, and it is hoped they will assist you in understanding the vast territory which is known as the Yukon.

The major issue facing the Yukon Territory today is settlement of land claims between the Government of Canada and the Indian people of the Yukon. At the outset, may I say that there must be a fair and just land claims settlement arrived at with the Indian people in the Yukon Territory before any real economic or political progress or change can be made.

The Yukon Territory consists of approximately 207,000 square miles of land which the Indian people used exclusively prior to the coming of the Europeans to this country. This land has never been given up by treaty, surrender or in any other manner by the Indian people.

It is my view that there can be no fair, just and lasting settlement in the Yukon unless it is done in such a way that it results in one government administering to the needs of both the Indian and non-Indian people. This is essential for the sake of efficiency, but even more importantly it is essential to ensure that the two groups will be working together rather than separately. The old method of establishing reserves and Indian governments under the Indian Act has proven unworkable. It breeds separatism, antagonism and conflict rather than unity, brotherhood and understanding.

I would be remiss in not making certain comments at this time about the role of the territorial government in settling land claims in the Yukon. The Yukon territorial government is involved in land claims to the extent that it is represented at the bargaining table and is allowed to present its views. The challenge facing the territorial government and its elected representatives is to realize that when a land claims settlement is made the governmental structures in the Yukon Territory, as they know them today, will no longer exist. When the elected representatives and territorial public servants clearly understand this—and I do not believe they fully understand at this time—they will have taken the first major step in settling the land claims.

The next step which must be taken by the Yukon territorial government is to recommend at the bargaining table alternate forms of government which will accommodate both groups in a partnership arrangement. In the meantime, however, I suggest the Yukon territorial government must make firm commitments to the Indian people to resolve some of the day-to-day problems which presently exist in the Indian communities.

This will play a dual role. First, many of the day-to-day problems of Indian people will be resolved prior to a land claims settlement—which may take some time—and, secondly, it will show the Indian people in a positive way that the Territorial Council, the members of which are all non-Indian, is prepared to deal with the Indian people in a responsible way and to attempt to work out a partnership arrangement with them. Unless this is done, there will be little trust and sympathy for a one-government system after land claims are settled. Indeed, there will be little chance for a settlement of any kind.

The Indian people should be congratulated for their efforts over the past seven or eight years. Only seven years ago there were no Indian organizations in the Yukon, not even at the band level in the communities. In this short period of time they have organized themselves, elected leaders, taken over some programs in their villages from the Department of Indian Affairs and Northern Development, and prepared a position for settling their land claims in the Yukon and presented it to the Prime Minister. They have developed a network in the communities for the purpose of exchanging information about land claims negotiations, and they have commenced negotiations with the federal government to settle their outstanding claims.

Another significant initiative of Indian people in the Yukon Territory was their insistence that their land claim is an ancestral claim which involves both status and non-status Indians, and they have insisted on negotiating on that basis. This is contrary to the wishes of the National Indian Brotherhood, but over the years it has gained favour and support from several other Indian organizations, and it would appear that one day status and non-status Indian people will again be united. The Yukon Indian people can proudly take the credit for instigating that move.

As I have taken this opportunity to provide free advice to the territorial government, I would be remiss in not also making suggestions to the leaders of the Indian people. The Council for Yukon Indians must realize that the success of their land claims negotiations depends to a considerable degree on the support given to the proposed settlement by the general public in the Yukon Territory, and in Canada as a whole. In the last six months I have noticed a decrease in the support for the Council for Yukon Indians primarily because of the delays in arriving at an agreement in principle. This concerns me.

I would suggest that the Council for Yukon Indians not only be prepared to negotiate, and negotiate diligently toward a settlement, but also be seen to be doing this by advising the public on a regular basis about their activities, the cause of some of their problems, and by giving assurance that they are sincere about coming to a settlement in the very near future. This kind of information and assurance will go a long way to regaining the support which, I feel, has been lost in the last few months.

As senators, we will, I hope, in the very near future be debating a bill to change the Yukon Act and the Territorial Lands Act in order to incorporate into this legislation a

settlement of land claims with the Indian people of the Yukon Territory.

The second issue in the Yukon which has gained importance in the past few years, and which requires consideration in this chamber, is the question of whether or not the Yukon Territory should be given the status of Canada's eleventh province. At the outset, let me say that I am absolutely and totally in favour of the Yukon people having the right to make their own decisions about those matters which affect them directly. This is not the case now in many areas, and I personally will support any initiative to change the Yukon Act to allow more responsibility to the local government. However, I am not prepared to endorse provincehood for the Yukon without first knowing what kind of financial arrangements can be worked out with the Government of Canada and without a great deal of discussion and debate about the probable results of independence.

● (1440)

We have had the honourable leader of the official opposition in the other place come to the Yukon recently and promise provincehood within the first term after he is elected as leader of this country. He attached no conditions or provisos to that statement. In my opinion, provincehood at this time could prove disastrous for the Yukon. In fact, funding for services now provided by the Government of Canada through the territorial government could be drastically cut because of a lack of resource revenue.

I would be extremely unhappy to see the people of the Yukon forced to sell the priceless resources of that vast area to the highest bidder, allowing the area to be raped and pillaged in order to sustain a standard of living which Yukoners have become accustomed to through the stability and funding provided by the federal government.

The Yukon consists of an area equal to the combined size of all four Atlantic provinces, with a population of only 22,000, which is approximately 8,000 fewer than the City of Prince Albert, Saskatchewan. Of this number, some 5,000 or 6,000 are natives; approximately 5,500 are under 18 years of age, and of the remaining 11,000 a large percentage have resided in the Yukon for less than five years.

A provincial legislature, to be effective, would require a minimum of 25 to 30 members. In the last territorial election, held in 1974, a total of 6,145 people voted. It is possible that Yukoners would be electing members of a legislature with only 75 votes and, indeed, a cabinet of 10 ministers could theoretically be formed with only 700 or 800 votes having been cast in their favour. This, in effect, would mean that any influential pressure group, such as the mining industry, labour or conservationists, could, with a minimum of effort and organization, control the province. As long as they have satisfied some 700 or 800 people, they could theoretically gain control and govern the Yukon to the detriment of all other Yukoners and, indeed, all other Canadians.

There would, without the proper planning and foresight, be a very difficult transitional period, and possibly an economically depressed situation in the Yukon for a number of years. It would be during this time that entrepreneurs and foreign speculators would be able to move into the Yukon in abundance and, with their huge bankrolls, literally buy the entire area. When a mere 22,000 people, a large proportion of whom are transients by nature, find that their educational system cannot be supported, that the welfare system cannot be supported, that roads cannot be maintained, and that the recreations facilities in many areas cannot be serviced or maintained, then I predict they would be prepared to make financial arrangements which, in the long run, would not be beneficial to the Yukon or to Canada as a whole.

Are we prepared for provincial status before there exists a permanent population, committed to the future of the Yukon and willing and able to become involved in the democratic process? I, for one, am not.

Another question which must be answered before provincial status can become a reality concerns the role of Indian people in the Yukon. Provincial status is not a question of "if"; it is only a question of when.

I would suggest to the honourable leader of the official opposition in the other place that there are many questions to be answered before the Yukon can become a province "during his first term of office." My only reassurance is that his "first term of office" is likely so far away that the Yukon will have time to properly plan for provincehood.

The third matter about which I wish to speak today is the much publicized natural gas pipeline which is proposed from Prudhoe Bay in Alaska through the Yukon Territory and into Alberta for delivery of gas to the lower 48 states. Let there be no misunderstanding: this is an American line for the delivery of American gas to Americans. It will not be used to move gas from the Mackenzie Delta and the Beaufort Sea to Canadian markets.

We have always welcomed development in the past and will continue to do so. However, future development must fit into our social, political and economic environments. It must also provide some real benefit to Yukoners. We recognize that the heavily populated areas of our continent require some of the vast energy supplies of the north. Pipelines have been a part of Yukon history and a familiar component in our daily lives. We have experienced satisfactory developments in the past, and have services which could be expanded to accommodate new development in the future. However, if pipelines are to be built across our territory, appropriate safeguards must be maintained and we must reap a fair share of the benefits. The Yukon is an economic and political reality and must be treated as such.

I have stated publicly before, and wish to reiterate now, that unless there is a direct and substantial benefit to the Yukon people, we do not want to see a pipeline built across the Yukon, and I suggest to you that unless there is a direct and lasting benefit to the people of Canada, the Government of Canada should not entertain allowing its land, services and resources to be used in this manner.

I have yet to see any facts or figures which convince me that there will be benefits for Canadians in this entire matter. That is not to say I cannot be convinced. I am simply saying that at this time no one has brought forward the facts to do so.

Like everyone else in this great country of ours, we have a few problems in the Yukon. However, it is probably one of the most interesting and exciting places in Canada to call home. While we have a wealth of natural resources, the greatest resource of the Yukon will always be its people.

[*Translation*]

I should like to thank you for your patience today.

I have not had the opportunity to speak French for several years but, with your assistance and your indulgence, I propose to become once again a completely bilingual French Canadian.

[*English*]

Hon. Augustus Irvine Barrow: Honourable senators, in rising to support the motion for an Address in reply to the Speech from the Throne, it is with a sense of pride and, at the same time, humility, that I do so. First, I should like to congratulate Senator Lucier on his excellent maiden speech, and on his territory's colourful flag and pin.

If I may reflect on a personal note, slightly over two years ago I entered this chamber, a rather awestruck freshman not knowing quite what to expect and still hearing admonitions from some of my provincial confreres that I would not find the challenge that exists in other fields. How wrong they were. I discovered, contrary to widely held opinion, that I was not one of the youngsters, except as a novice—instead, I was a middleman—and that here was a group from various walks of life who brought to the parliamentary process a depth of knowledge, experience, understanding and feeling for the problems of this country that is unsurpassed.

Also, I have learned that there is a sad lack of understanding of the role intended for and being played by the Senate in our parliamentary process by those who should be better informed, as well as by the general public. To whom this deficiency might be attributed is a moot point. To correct this the direction to be taken must be that of proper publicity in order to heighten the awareness of the public of the work of the Senate and its committees.

● (1450)

Having participated in the work of this chamber during the past session, I look forward to this new session of Parliament and to making a further contribution during the months ahead.

As part of this parliamentary process, we have heard the Speech from the Throne—Her Majesty's government's outline of existing conditions and the measures which it feels are in the interests of all Canadians and which it proposes to implement during the coming months. In proposing these measures the government is not laying down hard and fast rules but, rather, setting out the guidelines which it believes are necessary in these troubled times.

One has but to look at what has happened and is happening to the economy of some of the great countries in Europe and other parts of the world to wonder if any sensible pattern will develop upon which the peaceful economic stability of the world as we know it will survive. What one sees is not very encouraging, nor is it any great satisfaction to know that most of the problems are man-made, and can be solved by man. This will require more than a little tolerance and understanding, and of many it will require some sacrifice.

In Canada today we have problems of all kinds and it is not my intention to minimize them. There are, however, two or three that I would like to comment upon.

First, I would comment on the economy of the country in general. There is a strong condemnation of the government's anti-inflation program by organized labour and that part of business represented by the Canadian Chamber of Commerce. Indeed, some of our more outspoken business and union leaders have been more than just vocal in their opposition. Both, however, want the government to do the same thing, but apparently for different reasons. The program may be unpopular with some, considered to be bad medicine by others, and not managed according to the expertise of the "second guessers", but we should look at the effect on the people it was intended to protect, the general public. If we ask ourselves what could have happened, and what are the good effects of this program, perhaps we will find we are not that badly off, and that prices have been contained to a much greater degree than otherwise would have been possible. We should be asking ourselves why it is we have so many strikes and, at the same time, find ourselves being told there are many able-bodied people willing to work but unable to find it.

The government was not stampeded into the anti-inflation program, so let it not be scared into dropping it until there are adequate safeguards or reliable assurances that we will not be faced with a scramble to increase salaries, wages, profits and prices that will result in such economic chaos that even the most vocal of the abolitionists will wish they had used tolerance and understanding instead of seeking ways to upset further the delicate economic balance of this country.

Secondly, government has to realize this country was built, however imperfectly, on our so-called free enterprise system, and, except for times of emergency should restrict its role to that of formulating fiscal and monetary policies instead of competing with or replacing private business. Therefore, I am pleased to see that the Speech from the Throne sets out measures to be adopted to encourage financing for small business and reduce the amount of red tape now required by government from all businesses. Both people and businesses have to stop asking governments to do more and more, the inevitable result of which is high or higher taxation. We must encourage governments at all levels to effect a reduction in rates of taxation by putting a stop to the syndrome of the spiralling upward of spending which can only lead to higher taxation and further feed the fires of inflation.

The third topic I would like to touch upon is that of bilingualism. Whether we like it or not it is with us, and is something that has to be solved through an understanding of both the problems and the possible solutions, and a display of

statesmanship by those in high positions. We cannot let this be a divisive force in this great country of ours; rather, we must use it to make us stronger, and proud of the heritage we have been given. In some parts of our country it calls for greater understanding and forbearance, and in all parts for a willingness to try to meet the problem instead of adopting the unbending stance of those whose short-term parochial concerns are intended to insulate themselves from the rest of the country.

To me the most obvious and logical approach to finding a satisfactory solution is to adopt a program which will concentrate our efforts on Canada's youth, beginning at the elementary school level. Most parents that I know have a keen desire for their children to be able to speak more than one language. They want their children to be given the opportunity, denied to themselves at a similar age, to become totally immersed in both languages from Grade 1. I would therefore suggest that the federal government should, by whatever means possible, seek cooperation from every province in concentrating their efforts on our young so that, a few years down the road, this country will be on its way to being truly bilingual. It is a great satisfaction to see the change of course advocated in the Speech from the Throne.

I would now like to comment on three or four major problems confronting the maritime region, and Nova Scota in particular. These problems, if left unresolved, can only result in a further widening of the economic gap which exists between Atlantic Canada and other parts of the country. For fear of being accused of being unduly apprehensive, I would quickly add that if these problems are solved, and advantage taken of our many opportunities, then tremendous progress will be made in overcoming, if not eliminating, those economic disparities which have plagued us for so many years.

The number one problem facing Nova Scotia today is the extremely high cost of electrical energy. Next to Prince Edward Island, we have at this time the highest power rates in the country, and, in addition, the Nova Scotia Power Corporation has an application before the province's Board of Public Utilities for a further substantial increase in its electric power rates.

The reason why Nova Scotia and Prince Edward Island find themselves in such an unenviable position in respect to high power rates is their almost complete dependence on imported oil for the generating of electricity. They just do not have the vast hydro resources of most of their sister provinces, and therefore must rely on fossil fuels to fire their thermal generating plants. Nova Scotia is 65 per cent dependent on oil to generate electricity, with the balance of its power coming from coal and a small amount of hydro.

From an historical point of view, former provincial governments and public utilities faced with the then high cost of coal and the lack of hydro power, opted to use oil as the primary fuel to generate electricity. Consequently, a number of thermal plants were converted from coal to oil burning capability. This was perhaps a wise decision at the time because the oil-producing nations of the Middle East and Venezuela were, by today's prices, practically giving away their petroleum.

However, as we are all well aware, following the armed conflict in the Middle East in 1973 the OPEC nations entered into a price-fixing arrangement that has resulted in more than a 500 per cent increase in the price of oil. Oil which cost $1.75 per barrel then costs in excess of $13 a barrel delivered today. The overall effect of this on Nova Scotia, its people and its economy, is, to say the least, devastating.

The Nova Scotia Power Corporation requires in the order of 10 million barrels of oil a year to generate the electricity needed by our people and industry. In these circumstances the only possible way for the corporation to keep operating is to pass the additional cost of buying that oil to the consumer in the form of higher prices.

In the meantime, the province must embark, and has in fact embarked, on a program of energy conservation and efficiency as well as the development of alternate power sources, so as to enable Nova Scotia substantially to reduce its dependency on expensive foreign oil. But this takes time.

The most immediate alternate source of energy is coal, of which the province has a good supply. The Nova Scotia Power Corporation is building two new coal-fired thermal plants in Cape Breton, the first of which will be in operation late in 1979 and the second in 1981. Two others are possible by mid-1984. A total saving of approximately 8 million barrels of imported foreign oil is possible by the time the last two are in operation.

● (1500)

Two long-range schemes are potentially exciting and would certainly do much to change the province's dependency on fossil-based fuel. The first is the much talked about Fundy tidal power, and the second is the construction of a power grid in eastern Canada from which could be tapped surplus power from Labrador, Quebec and New Brunswick when it becomes available.

From the foregoing I think it can be seen that Nova Scotia has a unique and terrifying energy problem, and that it is trying, by whatever means at its disposal, to cope with what can only be considered an unforeseen disaster of gigantic proportions. However, at best it will be some years before the province can realistically gain any significant advantage from its medium to long term power options.

I should point out that further heavy increases in power rates will inevitably force some industries out of business, because they will not be able to absorb the costs and remain competitive, let alone survive. The resulting increased unemployment would only compound the socio-economic problems faced by Nova Scotia at the present time. Many Nova Scotian homeowners, particularly those on fixed and low incomes, are already finding it difficult, if not impossible, to cope with the present high rates. Imagine the agonizing effect that further rate increases will have.

In this context, I suggest to my fellow senators that the request of the Government of Nova Scotia for assistance from

Ottawa in the form of a five-year subsidy is in no way unreasonable. The province needs that interim assistance to help cushion the crippling power rate increases that face householders and businesses alike.

I would now like to turn to what might be called a "problem opportunity" situation in Nova Scotia which, if solved and developed, would have a phenomenal effect on the maritime economy and, indeed, be good for the rest of Canada. I refer to the proposed Canstel project for industrial Cape Breton. In order to speak intelligently about Canstel I must, first of all, mention briefly the situation at Sydney Steel, or Sysco, as it is known.

The Sydney steel plant was formerly owned and operated by British interests, Hawker Siddeley, who in the late 1960s, because of heavy financial losses, decided to walk away from the operation. Dosco, as it was then known, was the cornerstone of industrial Cape Breton, and employed directly some 3,000-plus people. In view of this the provincial government of the day under Premier, now Senator, G. I. Smith, moved in and took over the operation of the plant. Thus Sydney Steel became a provincial crown corporation.

In spite of the aged condition of the plant, record production was at first obtained over that which its former owners had been able to achieve. However, the cold hard fact of the matter was that the plant was very old and barely hanging together. If the operation was to continue, then an extensive and costly rehabilitation program would have had to be undertaken. In addition, an expansion program was desirable in order to give the plant some long-term viability, and perhaps some diversity in terms of product, in view of the fact that its chief claim to fame was the excellent rails it produced for Canada and other countries around the world.

Feasibility studies were carried out by some of the foremost steel consultants in the world, and it was concluded that if Sydney was to retain a long-term viable steel industry the answer lay, not in patching up an old orphan plant, but in constructing a major new steel complex capable of world production levels, along with the capacity to expand.

Another very convincing factor in the decision was the fact that no major steel interest would invest five cents in the old plant, but considerable interest was shown in becoming involved in a major new steel effort located at tide-water. Coupled with this was the fact that Nova Scotia, with its limited resources, could in no way come up with the hundreds of millions of dollars required to do justice to the old plant.

Consequently, a consortium of steel companies, including Dofasco, an American company, and two of the largest European steel producers, as well as the Province of Nova Scotia, through its crown-owned agency Canstel, was put together, mainly through the efforts of Premier Regan. This consortium is presently looking into all aspects of establishing a new steel complex in Cape Breton, and just a few days ago completed another round of talks in Hamilton, Ontario.

The prospects for a world-scale steel operation in Sydney appear to be excellent. Cape Breton is probably one of the best, if not the best, site for a major new steel plant in the world at this time. I say this because there is a ready supply of metallurgical coal, good availability of iron ore, generations of steel-making capability found in the Sysco work force, a deep tide-water harbour, as well as an existing social infrastructure. The foregoing, coupled with the fact that the partners must find additional steel-making facilities to meet future needs, whether this be achieved at home or by investing abroad in a complex such as Canstel, all adds to the desirability of the Cape Breton project. However, in order for this project to get off the ground, it is necessary for the Government of Canada to become involved, and its support and cooperation are vital to Canstel's success.

Having said that, I would point out that when Canstel does start, the resulting impact from the plant itself, plus all of the spin-off activity that will be generated, will, without question, turn around the economy of Cape Breton, if not indeed the entire province.

In addition to curing Cape Breton's long-standing economic and unemployment ills, Canstel would also reflect very favourably in terms of its effect on Canada's balance of payments figures. A good portion of its steel products would be earmarked for international export, thus earning valuable export dollars for Canada.

Turning to yet another area of concern for Nova Scotia, I would point out that successive governments have long recognized the need to reduce regional economic disparity, and have, through legislative and other action, shown the important role that transportation plays in reducing such disparity. The Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act are two legislative examples of how the federal government has attempted to respond to the continuing problem.

Unfortunately, transportation problems of the Atlantic region have not been resolved, and are as evident today as they were 50 years ago. Our principal problem continues to be one of distance from and access to our principal markets. We are remote from the large central Canadian market by a considerable distance, which discriminates against us in competing with manufacturers closer to the population centres in Quebec and Ontario. Not only does this result in higher transportation freight rates, but it discriminates against us in that we are unable to provide adequate service levels from the viewpoint of both supply and customer contact.

Central Canadian manufacturers are most often able to ship directly from their plants to their customers, while Atlantic region manufacturers must incur not only higher transportation costs but added distribution costs in that they must frequently warehouse in the central Canadian market in order to provide adequate service.

The two major ports of the Atlantic region, Halifax and Saint John, have in recent years a remarkable success story in serving as a Canadian gateway for import and export traffic. There is no question that these ports play a significant role in contributing to the National economy, at least equal to the St.

Lawrence Seaway, and they should be given strong federal support for their ambitious growth plans. The recently announced new federal ports policy, which provides more autonomy to these ports, is a move in the right direction, provided recognition is given to the significant national economic role they play.

The success of these two ports is a somewhat mixed blessing to Atlantic region producers. While it enables Atlantic producers to obtain steamship service to many countries on a frequent basis, it does not give them an ocean freight advantage, which should be their right owing to their geographical location closer to the European market. The steamship ocean conferences have established a freight rate structure whereby ocean freight rates from a port such as Montreal are at exactly the same level as they are from Halifax and Saint John. Not only are we more remote from the central Canadian market, but we enjoy no cost advantage in dealing with most overseas markets.

Marine transportation in the coasting trade has long been an important element in maintaining Atlantic region transportation costs at a reasonable level. Competitive freight rates for such important industries as steel have been maintained through the availability of Commonwealth ships. Proposed amendments to the Canada Shipping Act, which would restrict the Atlantic region coasting trade to Canadian ships, represent a real threat to the viability of certain industries and would undoubtedly result in increased transportation costs to a region which can ill afford them.

● (1510)

The ability to move people into, out of, and within the Atlantic region is an essential social and economic need. Proposals are now being considered for a local air service which will substantially improve the ability of people to move freely within the region. Access to Halifax, through a carrier other than Air Canada, could provide competition which would result in improved service into and out of the region.

Another important element in passenger transportation is the ferry services from the New England states to Nova Scotia, which annually bring in thousands of American tourists who contribute to the economy of the Atlantic provinces and assist in maintaining a more reasonable balance of payments with our southern neighbour.

Truck transportation has over a period of years become a significant element in Atlantic region transportation systems. Opportunities exist for reducing transportation costs by truck through heavier truck loadings which can be realized through joint federal-provincial highway upgrading programs, such as the one in western Canada which came about as a result of the Western Economics Opportunities Conference.

The private automobile is a very inefficient energy consumer and, with the present energy crisis, there must be federal-provincial initiatives to discourage its use. This can be accomplished by encouraging the use of bus and/or rail, and substantially improved urban transit systems.

While the Atlantic region has come a long way, the transportation problem of distance to our principal markets is still very much with us and, as recognized by previous governments, is and should continue to be one of national concern.

Another vital issue to the Atlantic provinces is the 200-mile offshore limit in relation to fisheries, a resource that plays an important role in the overall economy of Nova Scotia. I am sure all Nova Scotians, and indeed all Canadians, were delighted with the announcement by the Honourable Allan J. MacEachen last June of the federal government's decision to extend the fisheries jurisdiction of Canada out to the 200-mile limit from the coast, effective January 1, 1977. It was certainly gratifying to hear reference to this in the Throne Speech. While this action was and is welcomed by our fishing industry, it does not come any too soon. Fish stocks have been and are being depleted to such an extent that before very much longer the commercial significance of the resource will be questionable at best, and many fishermen in the Atlantic provinces were beginning to feel as endangered a species as the fish they so ardently pursue.

With proper conservation and management measures in force, the Atlantic region of Canada can once again become the fishing resource that will see all our processing plants working to capacity and, at the same time, ensure that our people obtain optimum benefits from the sea resources off our coast.

Bilateral agreements with such fishing powers as Norway, Poland, the U.S.S.R., Spain, Portugal and Japan by Canada must provide for the effective protection and rebuilding of our fish stocks. Enforcement of this 200-mile limit through air and sea reconnaissance is also a vital factor in our economy, involving as it does increased activity of Maritime Command, Department of Transport vessels and the Fisheries and Marine Service Branch of Environment Canada.

I would now like to touch briefly on something I mentioned at the outset of my remarks—strikes and the disturbing frequency with which they occur. Surely Canada and its labour movement has something to learn from the strike-riddled experience of a country such as Britain, whose economy today is in such dire straits. The labour movement in Canada has come a long way over the past number of years. However, I fear that the time is fast approaching, if it has not already arrived, when labour, management and government should make every effort to pull together rather than apart at the expense of all Canadians.

We live in a great country, rich in resources and opportunities, but nevertheless I am fearful that unless there is a rapid change in attitude investment—and I am referring to equity investment—will dry up and the door close on many opportunities. As a young, growing nation we can ill afford the bad reputation being earned as a result of the frequency and long duration of many recent strikes.

Nova Scotia has and is paying the price of poor labour management relations, and a number of much needed investment and development opportunities have passed us by. My

comments do not refer only to the private sector. Strikes within the public sector are in many instances even more damaging, especially when they involve the disruption of federal or provincial services and programs designed to serve the needs, or protect the rights, of citizens as a whole. I can tell you most emphatically that the public's level of tolerance for strikes in both the private and public sector has about reached the breaking point.

In conclusion, I would point out again that Nova Scotia has problems for which we need assistance now, but, more importantly, Nova Scotia has many exciting potentials and opportunities, as does the maritime region as a whole. If these are encouraged and permitted to develop, then Canadians will indeed be richer, and Canada a much better balanced and stronger nation from coast to coast.

Canadians as a whole can be justifiably proud of our country. Even with all our difficulties we have much to be thankful for. The message in the Speech from the Throne is indicative of the determined resolution of Her Majesty's government to orchestrate, in those areas for which it is responsible, the many facets of our business and personal life for the benefit of all Canadians. For this reason it is a pleasure for me to second the motion of my colleague, Senator Lucier, for an Address in reply to the Speech from the Throne.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 14, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting—

(1) Compensation plan between Treasury Board and the group of its employees known as the Aircraft Operations Group as represented by the Professional Institute of the Public Service. Order dated July 27, 1976.

(2) Compensation plan between Atlantic Consolidated Foods Limited, Atlantic Sugar Division and the group of its employees as represented by the Bakery and Confectionery Workers' International Union of America, Local 443. Order dated July 27, 1976.

(3) Compensation plan between Western Grocers Limited, Winnipeg, and the group of its employees as represented by the Retail, Wholesale, and Department Store Union, Local 459. Order dated July 27, 1976.

(4) Compensation plan between The Prescott and Russell County Roman Catholic School Board and the group of its executive employees. Order dated August 9, 1976.

(5) Compensation plans between the following: City Motors (Nfld.) Ltd., St. John's, Newfoundland, and the group of its employees represented by The Transport and Allied Workers Union, Local 855; Hickman Motors Ltd., St. John's, Newfoundland, and the group of its employees represented by The Transport and Allied Workers Union, Local 855; City Motors (Nfld.) Ltd., Gander, Newfoundland, and the group of its employees represented by the International Association of Machinists and Aerospace Workers, Lodge 544; Hickman Motors Ltd., Gander, Newfoundland, and the group of its employees represented by the International Association of Machinists and Aerospace Workers, Lodge 544; City Motors (Nfld.) Ltd., Corner Brook, Newfoundland, and the group of its employees represented by the International Association of Machinists and Aerospace Workers, Lodge 544. Order dated August 12, 1976.

(6) Compensation plan between The Liquor Control Commission of Manitoba and the group of its employees as represented by the Manitoba Government Employees Association. Order dated August 27, 1976.

(7) Compensation plan between The Lincoln County Board of Education, St. Catharines, Ontario, and the group of its full-time caretakers and maintenance employees as represented by The Canadian Union of Public Employees, Local 152'A'. Order dated September 2, 1976.

(8) Compensation plan between The Lincoln County Board of Education, St. Catharines, Ontario, and the group of its part-time cleaners and cafeteria workers as represented by The Canadian Union of Public Employees, Local 152'B'. Order dated September 2, 1976.

(9) Compensation plan between The Corporation of the County of Grey, Ontario, and the group of its highway maintenance employees as represented by The Canadian Union of Public Employees, Local 1530. Order dated September 2, 1976.

(10) Compensation plan between The Stanton Yellowknife Hospital, Yellowknife, Northwest Territories, and the group of its nursing personnel constituted of Registered Nurses and Certified Nursing Aides. Order dated September 7, 1976.

(11) Compensation plan between The Government of Canada (Treasury Board) and the group of its employees which is known as the Biological Sciences Group of the Federal Public Service of Canada and which is represented by the Professional Institute of the Public Service of Canada. Order dated September 14, 1976.

(12) Compensation plan between The Government of Canada (Treasury Board) and the group of its employees which is known as the Forestry Group of the Federal Public Service of Canada and which is represented by the Professional Institute of the Public Service of Canada. Order dated September 14, 1976.

(13) Compensation plan between The United Counties of Stormont, Dundas and Glengarry, all of which are in the province of Ontario, and its group of executive employees. Order dated September 17, 1976.

(14) Compensation plan between The United Counties of Stormont, Dundas and Glengarry, all of which are in the province of Ontario, and its group of non-unionized employees other than the executive group. Order dated September 17, 1976.

(15) Order of the said Administrator dated February 12, 1976, in the matter of Irving Pulp and Paper Limited and the group of its employees as represented by the Canadian Paperworkers Union, Local 30 and the International Brotherhood of Electrical Workers, Local 1888. Order dated October 5, 1976.

(16) Compensation plan between Saint John Shipbuilding and Dry Dock Co. Ltd., and its group of employees as

represented by Industrial Union of Marine & Shipbuilding Workers of Canada, Local 3; International Association of Machinists and Aerospace Workers, AFL-CLO-CLC, Unity Lodge No. 482; Local 840 of the United Brotherhood of Carpenters and Joiners of America, AFL-CIO-CLC; Local 213 of the United Association of Journeymen & Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, AFL-CIO-CLC; and, Local 2282 of the International Brotherhood of Electrical Workers of America. Order dated October 6, 1976.

(17) Compensation plan between The Cyprus Anvil Mining Corporation and the group of its employees as represented by the United Steelworkers of America, Locals 1051 and 7745. Order dated October 7, 1976.

Report of operations under the Farm Improvement Loans Act for the year ended December 31, 1975, pursuant to section 13 of the said Act, Chapter F-3, R.S.C., 1970.

Report on the administration of the Small Businesses Loans Act for year ended December 31, 1975, pursuant to section 11 of the said Act, Chapter S-10, R.S.C., 1970.

Copies of contract between the Government of Canada and Lockheed Aircraft Corporation, for the purchase of the CP-140 (Aurora) Aircraft, dated July 21, 1976.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, October 19, at 8 o'clock in the evening.

Honourable senators, before the question is put I would like to state that next week we will continue with the debate on the motion for the Address in reply to the Speech from the Throne at the opening of this session.

On Tuesday Senator Everett will table a copy of the report prepared last session by the Standing Senate Committee on National Finance on the estimates of the Manpower Division of the Department of Manpower and Immigration. This report was published and distributed during the summer adjournment, pursuant to the authorization of the Senate of June 16 last. Senator Everett will, with leave of the Senate, give notice that on Wednesday, October 20, he will call the attention of the Senate to this report.

Motion agreed to.

THE SENATE

ATTENDANCE OF CONSERVATIVE SENATORS

Senator Greene: Honourable senators, I wonder if the Leader of the Government could inform the house as to whether the Conservative senators are away in such great numbers because they are marching with Joe Morris, or whether they are just away because of the traditional delinquency of their party.

Senator Perrault: Honourable senators, I am sure there is no question at all as to the dedication to work of the members of the opposition in this chamber.

Senator Macdonald: We are on the side of the labouring man.

Senator Flynn: I was wondering if the Leader of the Government could make a calculation to determine whether the proportion of absentees on our side is higher than that on his side.

An Hon. Senator: It is just more noticeable.

Senator Argue: We might as well drop it right there.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply thereto.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, Senator Greene said precisely what I intended to say, that is, that the absentees on this side know what to expect, contrary to those who sit on the other side. But the long applause I have just been given moves me deeply. Still, I don't know whether it is cause for comfort or worry. My task is singularly onerous in this debate on the reply to the Speech from the Throne. As I say, my task this afternoon is to speak to you, and yours to listen to me. I wonder which of the two is the more thankless. Yours more probably, but I trust you will not finish it before I finish mine. When I resume my seat, there will be the usual awakening. Some will feel stronger, others more rested.

First of all, I wish, on behalf of the official opposition, to extend my respects to Their Excellencies the Governor General and Madam Léger. All of us were happy to see that the Governor General's health has improved considerably.

We saw and heard, with admiration, Her Excellency Madam Léger read a major part of the Speech from the Throne. The courage and determination of Their Excellencies moved us deeply. We wish His Excellency the Governor General a complete recovery, and Her Excellency continued good health, that they may continue to discharge their heavy responsibilities.

Secondly, I wish to extend to Madam Speaker of the Senate the compliments of the opposition. Her initial nervousness—I was about to say her occasional anxiety—is gradually giving way to assurance which alters in no way her very personal charm.

Above all, I wish to mention to her that she is an outstanding ambassador for the Senate. I was personally able to notice that, wherever she goes, she leaves the best of impressions. I

assure her of the wholehearted cooperation of the opposition in the performance of her duties.

Some Hon. Senators: Well said.

[*English*]

Senator Flynn: It also pleases me to see that my learned, amiable and voluble friend from British Columbia is still the government leader. Rumour had it last summer that he might again become a simple sailor on the government ship. But, unlike others, he survived the purge. There was no reason not to let him continue the good job he has been doing as government leader.

Hon. Senators: Hear, hear.

Senator Flynn: I would only hope that he would act more as Senate leader than government leader and not react violently as he has the habit of doing whenever we dare to criticize Liberal infallibility and divine right to rule.

I am honestly concerned, however, about how the good senator looks—the pallor, the wrinkles, the pained expression. If these are caused by a weak bladder, then I am sorry for him; but if they are caused by the recent Gallup polls, then I am all out of sympathy.

I notice there are no new senators to welcome, and that is a source of some concern. The Prime Minister had better get busy. The proportion is falling to truly dangerous levels here in the Senate. There are now only about four Grits for every opposition member.

[*Translation*]

Seriously speaking, I am disappointed that the Prime Minister has not filled some of the 16 vacancies which now exist and has not, by the same token, increased the number of senators who are not on the government side. It will always be essential to the good accomplishment of the duties of this house to maintain a better balance between members of the majority and those of the minority.

● (1410)

[*English*]

Some Hon. Senators: Hear, hear!

Senator Flynn: The Throne Speech, as has been said by practically everyone, was a grab bag of vague promises reflecting insincere intentions and regrets. It was improvisation born of desperation. It was the typical Liberal speech, as was pointed out by one member opposite as we left the chamber on Tuesday, promising all things to all people. I will not name the senator; he needn't worry.

Senators Lucier and Barrow, in their speeches yesterday, proved my point. Both referred to the Speech in very general terms, losing only a few moments in doing so. They then switched to problems affecting their own regions, realizing, obviously, that it is better to leave your audience wondering why you did not broach a subject than why you did. I congratulate both these senators on their interesting speeches and for having successfully avoided the temptation of trying to praise the government in the context of that Speech from the Throne.

I have one serious reservation, however, which concerns Senator Lucier's comment that the government's actions would be more effective if there were less criticism of them. That puts an interesting wrinkle in the principles of democracy. If everybody were happy with the government, it would mean that its actions were the proper ones. But, it is hard to imagine how that could happen when the results of this government's policies so obviously stink. Here, for Senator Lucier's benefit, are some hard economic facts about a nation with an increasingly unpopular government, two years away from an election, which is too bad.

1. The OECD says that it costs more to produce goods here than in the U.S., and that our inflation rate is not falling as fast as inflation rates are in the other countries with which we trade.

2. The United States' economy is growing faster than ours, and the idea is catching on among businessmen that the U.S. offers better business prospects than our country does.

3. We borrow huge amounts of money abroad to finance a balance of payments deficit, while Canadians are investing more money abroad than others are investing here. So the net flow of capital for investment purposes is outwards.

4. The balance of payments deficit is at a level far beyond the capacity of this country to sustain it and the only real federal "policy" to meet that problem is a vain hope that the growth of the American economy will be rapid enough to pull this country's exports up with it.

5. The Prime Minister is not publicly addressing himself to the underlying problems of the nation, and Tuesday's Throne Speech does nothing to change my opinion.

6. The anti-inflation program, never accepted by organized labour, is under increasing attack by business, and by John Q. Citizen, as the polls so clearly show.

7. The net outflow of interest and dividends is growing rapidly from just under $1.5 billion in 1971 to roughly $2.7 billion last year. Investors are abandoning Canada the way thinking voters are abandoning the Grits.

8. In the first quarter of 1976, government at all levels in this country borrowed $1.98 billion. And industry borrowed another $880 million. We should not worry about renovating the East Block; we will have to hock it pretty soon.

Despite four consecutive quarters of real economic growth, the Canadian economy is performing in a manner more indicative of recession than recovery. Neither the unemployment rate nor the trade deficit have benefited from the 5.1 per cent gain in real GNP which occurred between the first quarter of 1975 and 1976.

We are faced, thanks to this inept government, with weak economic growth and uncertain price outlook, weak investment and productivity, unemployment averaging 7.3 per cent of the labour force—that is 753,000 people out of work—a $5 billion deficit on current account trade, and a host of other economic ills. And to solve all this we have the ultimate panacea—the present anti-inflation program.

The benefits of that program are uncertain as yet, but the costs have become quite clear. The government has done serious damage to business investment and productivity by its extended controls program. The fact that profit and wage restraints might last at least another two years has had a debilitating effect upon business and consumer confidence. And there was nothing in the Throne Speech to indicate an early end to this troublesome program.

Already profit controls have fostered business cost inefficiency, discouraged productivity, and deferred investment. The longer the controls stay in place, the more serious will be the economic damage. Long-term profit controls will achieve a purpose exactly the opposite to the original strategy against inflation of the present administration.

It will be recalled that John Turner argued that inflation could be reduced by encouraging investment to increase the productive output of the economy. Mr. Macdonald has put in place a policy which will discourage investment, a complete reversal from previous policies. No wonder business confidence is weak when the strategy of government so often reverses itself.

The anti-inflation program has changed substantially from what was envisaged at its inception. Instead of being a small tightly knit group regulating a few critical areas of the economy, the Anti-Inflation Board has mutated into a bureaucracy larger than many federal departments, involving itself in nearly every area of economic activity.

The most terrible description of the government's performance in the areas of growth, unemployment and trade deficit is that it is the equal of its performance to date in the anti-inflation program.

The government, it appears, continues to hope that the principal stimulus to growth in the economy will come from recovery in Canadian export markets. It is legitimate to hope for the recovery of the export sector, but surely it is not advisable for any administration to base its economic policies on happenings in foreign economies. Yet, that is what we are doing. Where is the sense of purpose and direction in that?

The Throne Speech made much of the new-found desire of this government to help people find jobs. Parliament is to be asked to approve a "comprehensive, year-round, job-creation program."

• (1420)

Will wonders never cease? A year-round winter works program! Will this government never learn from its past disasters? It is simply not capable of creating jobs. That is mainly or should be mainly the role of the private sector. When government interferes it ends up wasting the taxpayers' money on projects that have very little merit, except to help the government's shaky image by reducing the number of people collecting unemployment insurance.

With a 5 per cent real growth target for this year—and nothing in the Throne Speech indicates that that has changed—we are virtually guaranteed that unemployment will continue to increase.

The cornerstone of federal economic policies is said to be restraint in wage demands, in price setting, in profits and in economic growth. All this was again referred to in the Throne Speech, and the authors of that pool of platitudes and blanket of blandness again assured us that the government "will continue to practice fiscal restraint." I ask you, honourable senators, how can you continue something you never even started?

This government has the gall to preach restraint; it has the gall to let on that it has been practising restraint; it has the gall to limit wage increases to 12 per cent, profit margins to 85 per cent of previous levels and dividends to 8 per cent. Yet, while the provinces restrain their spending to an average 11 per cent increase, the federal government increases its own spending by 16 per cent. How is that for good example! How can anyone have faith in an administration that does not practise what it preaches? It is either hypocrisy, duplicity or sheer incompetence!

The unfortunate truth of the matter is that it is this government's sad and sorry record, devoid of any semblance of self-restraint, which has brought us to where we are and which now promises to inflict new hardship on those Canadians least able to bear it.

In examining the government's self-restraint program, one can only start from a position of profound skepticism. Since Mr. Trudeau became Prime Minister, federal spending has risen by more than 300 per cent—from less than $10 billion in 1968 to a projected $42.2 billion for this fiscal year. Indeed, it has more than doubled during the last three years alone. And all the while we have had the same litany of solemn promises and undertakings by the government to hold its own demands upon the economy in check.

DISTINGUISHED VISITORS IN GALLERY

U.S.S.R. DELEGATION

The Hon. the Speaker: Honourable senators, may I be permitted to interrupt the Leader of the Opposition for one moment to welcome on behalf of the Senate the distinguished leader of the Supreme Soviet delegation to Canada, Mr. Vitali Petrovitch Ruben, together with other members of that delegation and His Excellency the Ambassador, Mr. A. N. Yakovlev. They are honouring us with their presence in the gallery.

Hon. Senators: Hear, hear!

Senator Flynn: I wish to join with Madam Speaker in welcoming the delegation from the U.S.S.R., particularly because I have had the pleasure of having had an excellent lunch with Madam Speaker and the delegation, and also because I had the pleasure of being a member of a Senate delegation to the Soviet Union in 1970, and on that occasion we were so well entertained that we will never forget it.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from earlier this day consideration of His Excellency the Governor General's Speech at the opening of the Session, and the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply thereto.

Hon. Jacques Flynn: Honourable senators, coming back now to less pleasant things—

Senator Bourget: You did not have to add that.

Senator Flynn: There has to be a transition.

I was mentioning the attitude of the government and its policy of restraining its own expenses, and I had said that all the while we have had the same litany of solemn promises and undertakings by the government to hold its own demands upon the economy in check.

We have further reason to doubt this government's sincerity, especially when we consider the kind of spending reductions they have promised in the past. The magic figure in the last budget was $1.5 billion. That is the amount, it was claimed, that was being lopped off spending plans for this year. However, when one looked closely at the figures provided by the Treasury Board it became abundantly clear that these were not spending cuts at all, but simply reductions in the amounts of money which government departments asked for during the normal preparatory discussions for any set of spending estimates. The figure for real reductions—and even this was suspect—was less than $450 million out of a total budget of more than $30 billion.

The fact of the matter seems to be that government spending on a national accounts basis will increase by at least $5 billion this year to a record high of, as I said before, well in excess of $42 billion. The Auditor General of Canada is never done criticizing government spending control practices, and saying that this government, when it comes to financial management and control systems, is a complete washout.

So much for the government's record and its credibility in preaching self-restraint.

Frankly, and frighteningly, the outlook for the economy is not improving despite the hardships experienced by Canadians in recent years. Federal policies will continue to yield slow growth, high unemployment, persistent inflation and a dangerous trade deficit. But little else can be expected from an administration that leaves leadership in restraint to the provinces, and leadership in growth to foreign countries. They do not lead; they do not govern; they just hang on to power for all they're worth, and that's not much.

Senator Buckwold: It seems to me they have been pretty successful.

Senator Flynn: Oh, there is no doubt that over the years the Liberal Party has been able to maintain itself in power four times longer, I would say, than any other party, but, of course, that is why we are in such a bad state today.

Senator Greene: The Tories are always in a bad state.

Senator Flynn: I must say that I have not heard from Senator Greene since the beginning of my speech. If he wishes to intervene I should like to hear what he has to say, if, for once, it has some merit.

Senator Greene: Don't hold your breath!

Senator Flynn: What we saw in the Throne Speech, honourable senators, was a bunch of guys eating crow. We learned that the government "is determined to preserve and enhance Canada's traditional policy of reliance on individual enterprise as the mainspring of economic activity."

Oh, the changes that can be wrought by a few Gallup polls! Marvel at the very humbling reversals in philosophy! Galbraith is no longer the Prime Minister's guru; he no longer "permeates" the Prime Minister's thinking.

Remember last Christmas? The Prime Minister was convinced then that large sections of the economy—big business and big unions—had escaped the law of supply and demand and were no longer subject to the discipline of the market. He said, "We haven't been able to make even a modified free market system work in Canada." That is what he told Canadians then. He denied that government intervention had been excessive and asserted that it was the government's duty to intervene when necessary to stimulate employment, to redistribute income, to control inflation and pollution, to protect the consumer, to promote conservation and productivity and to assure an adequate supply of the things we need.

• (1430)

Mr. Trudeau's view of last December was referred to as "extreme" in the Speech from the Throne. Well, I could have told you that last December—in fact, I think I did a number of times. The government now turns its back on the view that government spending and intervention must increase to compensate for the failure of the market system to serve social goals. The once-despised market system is now relied upon to stimulate the growth Canada needs, and the government will be looking, according to the Speech from the Throne, for "less costly, less interventionist ways" to pursue its social objectives.

The Prime Minister is backing away from the "new-society" gimmick. Hopefully, he has come to realize that one of the reasons the economic system has not been working well in recent years is that there has been too much government, not too little; that government has led the way in taking more out of the system than the system can afford. Mr. Trudeau should never be allowed to get away with the argument that governments have only been responding to the public's demands.

For years, Liberal politicians, for their own selfish ends—and that has been indicated by Senator Buckwold—the main criterion being to remain in power, have been selling the need for services and promising more programs. What was Mr. Trudeau's just society, apart from being a fraud, but an arousal of greater expectations?

The system which Mr. Trudeau derided last winter and has rediscovered this fall has provided Canadians during the last 30 years with a period of growth and prosperity unsurpassed in this country's history, and perhaps anywhere in the world.

And as I re-read this vague and innocuous Speech from the Throne yesterday, certain questions arose in my mind, such as: Why has the government only now come to the realization that perhaps much of what it is involved in could be better done by private enterprise?

Why has it only now come to the realization that the private sector, especially small and medium-sized business, is the backbone of our economy?

What sort of programs will provide more job opportunities, and will these provide what the government calls "worthwhile work," or will they provide the sort of "busy work" that characterized the Opportunities for Youth Program and many of the undertakings that have come under the Local Initiatives Program?

The government plans to merge the UIC with the Department of Manpower and Immigration. Why were they ever separated in the first place? And this, probably the most secretive government in our history, is going to open up and allow greater citizen access to information as to what the government is doing and what it knows about its citizens! I will have to see this to believe it.

And what, pray tell, is meant by, and I quote: "... the Government will place a very high priority upon... the achievement of formal constitutional independence"? It is all so vague, all so uninspired. It is the program of an administration that is reeling from the pummelling it has received at the hands of public opinion polls.

The government does not know where it is going. It is casting about looking in vain for public support from people who are completely disenchanted. It is seeking to be all things to all people, which is typical of a Liberal government, and is making all sorts of compromises and humiliating "about-faces"—anything to regain popularity. What it so sadly does not seem to realize is that the Canadian people have had enough of this very attitude. Canadians are fed up with a government that says: "We have a very clear-cut set of principles in which we firmly believe; but, if you do not like those, we have plenty of others."

Surely this attitude must have influenced such men as Jean Marchand, James Richardson, and John Turner in arriving at their respective decisions to leave the cabinet. They saw the mess, the confusion, and the intellectual dishonesty. And such must also have been the case for the 26 other ministers who have quit, been fired, or been defeated since Mr. Trudeau took over leadership of the Liberal Party in 1968. I doubt that any Prime Minister ever had a similar eight-year record.

There is obvious dissension and confusion in the government. There is manifest disenchantment with the Prime Minister, even among his own lieutenants. While they bicker amongst themselves, we are left to flounder about in the morass and chaos they have created for us.

Some government this is!

[*Translation*]

Before concluding, I would like to say a word about the Senate. After sitting here for 14 years, I note that the Senate has certainly gained in prestige. There is a lot of respect for the Senate in several circles, but I would say even more for its committees. The good work accomplished in our committees undoubtedly improved the reputation of this house.

During the last session our committees did excellent work in sometimes very complex and very difficult subjects. The chairmen of these various committees did not spare their efforts and time and they certainly deserve the warmest congratulations and the gratitude of all members of this house.

However, I deplore that the debates in the Senate itself are not always as vigorous and objective as the deliberations of our committees. That may be due to an overly great majority in favour of the administration. It would undoubtedly be very difficult for a great number of Liberal senators to boast about the accomplishments of the government but they prefer to abstain.

As to the opposition, it will continue to do much more considerable work than the proportion of its representation would warrant. However, I hope that the internal opposition in the majority will continue to second the efforts of the opposition to keep the government on its toes. That internal opposition played a useful role in certain circumstances even if sometimes it capitulated before promises or under pressure from certain ministers.

[*English*]

I would like to see more government legislation initiated in the Senate, allowing honourable senators first crack at it, especially legislation of a specialized or technical nature, as we have the expertise to deal with such matters. I think it is only fair that we should give the other place greater opportunity to plagiarize us.

● (1440)

Now, about the last session: the length of it prompts me to wonder whether the government intends to do away with the practice of having one session every year. It is intimated in the BNA Act—not said, but intimated—that we should have one session per year.

Does the government no longer see the need for the yearly interruption of the work of Parliament by way of a prorogation? Does the government no longer see the need of having a Throne Speech every year? And is that because this government has made Throne Speeches generally quite meaningless and not at all indicative, in practical terms, of what legislative program will be submitted to Parliament? Does the government want long sessions so it can avoid having to introduce anew controversial bills which meet with prolonged resistance in the house? The government should let us know what its intentions are in this respect. If the last session indicates a new trend, then certain practical adjustments should be made in the operations of both houses and a relatively fixed calender should be adopted.

Honourable senators, the official opposition stands ready, as I said, to do more than its share of the work awaiting the Senate in this session. It will do its best with the legislation introduced, but it can in no way alter the main difficulty

facing Canada and Canadians, which is that we have a government that has lost all credibility. The government has lost its credibility because it has totally mismanaged the economy. It has lost it because it did not level with the Canadian people. It was elected on a program of refusal to impose price and wage controls, yet it imposed these very controls a year later and did so in a manner far more rigid than that proposed by the Progressive Conservative Party during the 1974 election. If that election had turned out differently, we would have been through with controls by now. The program would have been ended at this time.

The "just society" became the "new society," and all that seemed to guide either one was the whim of the Prime Minister. First, he was permeated by Galbraith; now he is back sounding for all the world like a member of the Junior Chamber of Commerce. The Speech from the Throne suggested a transfer of responsibilities from the public sector to the private sector, a suggestion that comes only a few months after the Prime Minister was condemning the private sector and proposing more government intervention and control.

I have one final word, and that is about bilingualism. In this area the government succeeded in arousing the extremists of both sides. Mr. Lang's abject capitulation to CALPA and CATCA, in an effort to win at any price the settlement of an illegal strike, was shameful. That incident became a major issue, and is responsible for much of the present backlash in areas where people are less exposed to all the complexities of the problem.

Among the Anglophones, some extremists pointed to the government's action and said, "You see? We were right; the government agrees that bilingualism is impractical." The Francophone extremists pointed to the government's action and said, "You see? We were right; this government is not really convinced of the need and value of bilingualism in the public service."

Let's face it. The government fouled up this question as it has so many others. Ineptitude, lack of fortitude—the weakness that fosters problems and delays their solution—that's what this government is all about.

In the area of labour-management relations, the government has lost the confidence of the unions, and it is difficult to imagine how it can regain it. A storm of irresponsibility and illegality blows in that sector today—today especially, though I am happy to see that the demonstration in front of the Parliament Buildings was less than a success. I hope our friends of the NDP will see the handwriting on the wall.

Labour is fed up. There is no doubt of that. Business is fed up. There is no doubt of that either. Hell, everybody is fed up with this government. Even many of its own backbenchers are fed up with it. It has even lost confidence in itself, as I have indicated, and as is proven by so many resignations and departures.

What this country needs is a new government, a government which is strong where the present one is weak; one which is strong in foresight and planning, strong in decision and implementation, strong in courage and vision.

Senator Greene: Joe who?

Senator Flynn: Not Joe Greene. We need a government that would be strong in the western provinces where, because of geographical alienation, the aspirations of the people of Quebec are so sorely misunderstood.

We need a new government, and the people of Canada are going to give themselves one; but the problem is that they are likely not to have the opportunity to do so for another two years.

Our most sincere hope is that the present administration, in those two years, will not so complicate the major issues, and so muddy the waters, that solutions will have become almost impossible to find by the time a Conservative government comes to power.

Some Hon. Senators: Oh, oh.

Senator Flynn: Honourable senators, I shall be happy to entertain any questions by Senator Greene. He is my favourite interlocutor, because I can more easily reply to him than to anyone else; but I would hope that he would stay quiet for a while, because I do not like to hurt him. Every time I exchange ideas with Senator Greene, I come up with a blank.

Honourable senators, speeches are like babies: easy and pleasant to conceive, but difficult as hell to deliver. But I do not mind taking all this time, because I know that a political speech pleases everyone. Those who agree lap it up; those who do not are glad it is over.

It is over.

Hon. Raymond J. Perrault: Honourable senators, together with the esteemed Leader of the Opposition in this chamber, I join in the good wishes and expressions of appreciation that have been extended to His Excellency the Governor General and Madam Léger for their superb performance the other day. We always appreciate their presence in our midst. We are thankful for the diligence, ability and dedication which they demonstrate in carrying out their important responsibilities. We are proud of both of them.

As far as Senator Lucier is concerned, he made what all of us considered to be a great speech on behalf of the Yukon Territory. I listened with interest, as did other honourable senators, to the historic background he gave us of that particular part of Canada. This territory has a great history, and it has an even more magnificent future, and I hope that just as soon as possible we can send a Senate committee into the Yukon to discuss with the people Senator Lucier represents the important problems and difficulties which he brought to our attention.

We are also grateful to Senator Barrow for his constructive contribution to the debate, and for his lucid development of a number of ideas relevant to his important and historic province. The problems of the maritimes, and the province of Newfoundland, are problems not only for the people who reside in those provinces, but for all Canadians. When an

energy crisis afflicts the people of the maritime provinces, then all Canadians, wherever they live, must be concerned.

We are, of course, honourable senators, well served by our distinguished Speaker. She has led us through very productive years, and we look forward to working with her again during this session. We are also served superbly by the Senate officials and staff. I know that we all join in thanking them, as well as those who work in the library, and other officials, for their unfailing assistance to all of us, wherever we sit in the house. We look forward to their continuing good work.

● (1450)

I want to thank the Leader of the Opposition for his non-partisan speech this afternoon. He admonished me, I recall, for at times seeming to support the government with too much vigour. I am happy that the message got through to him, apparently, that I am supportive of the government's policies. Certainly, the message got through to us this afternoon that the Leader of the Opposition is indeed a Tory in the old blue Tory tradition. That colour was well chosen by the Conservative Party.

Senator Flynn: Better than red, anyway.

Senator Perrault: I made no accusation that the Leader of the Opposition was red—but he was very blue. We heard a dreary and lugubrious litany of Tory pessimism enunciated by the Leader of the Opposition. You see, one of the real keys to Liberal retention of governmental responsibility in this country is the fact that Canadians are inherently optimistic.

Senator Flynn: I would say they need to be.

Senator Perrault: For years our friends in the opposition have told us all the things that are wrong about Canada, but they seldom tell us what is right about this country. People like to be told that there is a great future for Canada, because Liberals believe that there is. I think that the opposition leader's speech, his kind of presentation, may have been intended as one of the opening guns this session in the opposition drive for governmental power in Canada.

Senator Flynn: You flatter me.

Senator Perrault: I am not saying anything about the calibre of the gun. I am saying it may have been a gun.

Senator Greene: A lousy peashooter.

Senator Perrault: It could have been intended as anything from a pop-gun to a cannon. However, it must make Canadians question again whether the governing of this great nation could be entrusted to such an inveterate band of pessimists. They are so gloomy; they are so negative. I do not think Canadians share the myopia of the esteemed Leader of the Opposition. The opposition seem to be concerned with picking over the dry and arid bones of past political controversy; going back into history and questioning what might have been instead of what can be. I think that this is the time for Canadians of all parties to look into the future, and see what kind of future can be carved.

The honourable Leader of the Opposition made some worthwhile suggestions, which I fully support, however. One is that efforts should be made to initiate more bills in this chamber. I think that during the last session we had almost 40 measures of one sort or another initiated in this chamber, and we made numerous amendments to the various bills that came before us. It was one of the more productive sessions in the history of the Senate. I agree with him that there is an increasingly important role for the Senate to play, especially during sessions featuring heavy legislative programs. The Senate can and should initiate many more measures. I will certainly convey to my colleagues in the government the support of the Leader of the Opposition in that regard, and every effort will be made to bring more proposed legislation to this chamber.

I believe, as well, that the Senate has an important role to play in the next few years in the matter of strengthening Canadian unity, understanding and reconciliation, and in the next few days I hope to discuss with the Leader of the Opposition how we may go about this task.

Few of us can be serene about the future of Canada, in view of the stresses and strains that have been placed on Confederation over recent months. I think that feeling is shared by many of us. I know it is easy to dismiss many of the attitudes in relation to language and culture, for example, as prejudice and bigotry. But so often people, wherever they live, with seemingly extreme and strange notions of what Canada is all about in 1976, those with narrow notions about language rights or cultural rights, or the pros and cons of entrenching language rights in the Constitution—questions of that kind—really suffer from a lack of information and lack of understanding. The worst possible thing for any of us to do is to dismiss them as mindless bigots; I believe that we have an immense task of education to perform.

I said this at the beginning of the last session, honourable senators, and I say it again. I think the Senate should remind itself of one of its great historical functions, which is to represent regional interests of Canadians here at the heart of government. Consideration should be given to a Senate committee on regional aspirations to meet Canadians in many of the small towns and villages and other population centres in the regions of Canada, and to prepare a report for the Canadian people and for our colleagues in Parliament—a report relating to the hopes, aspirations and problems of the Canadian people. I believe that would be a contribution to solidifying national unity, reconciliation and understanding. As I say, I hope we can have some useful discussions on this point in the next few days.

I come from a part of Canada where there are some misunderstandings about the issue of language and culture, but the remarkable thing is that young people in this country with access to bilingual training are beginning to understand what Canada is all about in 1976, that a nation with two languages is something unique and very special, and that bilingualism can be a very important treasure and gift. Many of those, whether they live in Quebec or English-speaking Canada, who say, "They are not going to ram English or

French down my throat" dare beyond redemption; most would be unable to assimilate another language because of their attitude. I believe the hope lies in the future generation. One of the most welcome aspects of this Speech from the Throne is the suggestion that the government, as part of the long-range plan, is going to attempt to provide greater support for the education of young people in the two languages of Canada.

Hon. Senators: Hear, hear.

Senator Perrault: Of course, in the short term we need appropriate measures to enable Canadians, where numbers warrant, to do business and speak to the federal government in French or English anywhere in this country. I am pleased that this kind of approach is outlined in the Speech from the Throne.

I know that some critics will say, "Well, why didn't you pursue different language policies originally?" The whole "journey" involved in establishing working bilingualism in the federal service has been an adventure and an experiment not without difficulties, mistakes and hazards, and I am proud to be part of a government able to say, "There is such a thing as a second look", a government able to say, "We are willing to make changes and to improve our policies."

Honourable senators, there are many subjects covered by this Speech from the Throne, but much of the Speech hinges on the subject of economics. Unless we have a prosperous country, an economically viable nation, able to provide economic opportunities for our people, Canada's future cannot be a good one. For this reason I should like to direct most of my remarks this afternoon to the state of the economy and the anti-inflation program.

As the Leader of the Opposition reported earlier, we had a demonstration against the program in front of the Parliament Buildings this afternoon. The anti-inflation program is just about one year old. It may be worth while to recall the conditions that existed twelve months ago, and why an offensive against inflation was thought by the government to be necessary.

A year ago double digit inflation, something like eleven per cent, was threatening the capabilities of the Canadian economy to grow and to create jobs for Canada's growing labour force. You will recall the many meetings that took place in 1975. You will remember the earnest effort made by this government, from coast to coast in Canada, to meet with business, labour, management, the professions, agriculture, the cooperatives and credit unions to discuss with them the problem of inflation. I can report to you that there was a unanimous view by them twelve months ago that important, effective and strong action must be taken to halt inflation, or we risked Canada's economic future.

● (1500)

Senator Flynn: Well, it was the same thing two or three years ago.

Senator Perrault: Business, labour and agriculture, all the sectors of the economy, expressed this view in these consultations which took place between government and the various sectors early in 1975. Some of you may have participated in arranging those meetings, or even attending some of them. The discussions were about the prospects of runaway inflation. Urgent efforts were expended to bring about a system of voluntary restraints. For a number of reasons, it was not possible to achieve this program of voluntary restraints. However, one profound fact emerged, and that is that Canadians everywhere agreed that inflation threatened the economy, their personal well-being and Canada's competitive position in the world. So the question was this: Who would provide leadership? Without voluntary restraints, the leadership, obviously, had to come from the federal government. There were no other volunteers to be first in the fight.

I remember a telephone call that I received from the Prime Minister's office about one year ago. The message was, "You had better eat your Thanksgiving dinner early, because we have an important meeting of cabinet on Monday and there are some disturbing economic facts which must be dealt with." I know that our friends in opposition could say, "Well, that Thanksgiving you Liberals ate crow instead of turkey," but the fact is that when we sat down in Ottawa, Mr. Leader and honourable senators, this was the essence of the situation: We had virtually a zero increase in Canada's productivity; we had an 11 per cent growth in inflation; and on the desk were wage demands for one-year increases of 30 per cent, 40 per cent, 50 per cent, and up to 75 per cent. The message was clear to the members of that cabinet, that despite possible political penalties, Gallup polls, or popularity, any government failing to act in face of that kind of devastating information would be culpable in history of criminal neglect.

Some Hon. Senators: Hear, hear!

Senator Flynn: You should have said that to the electors in 1974. It means about the same thing.

Senator Perrault: Senator, may I remind you that Sinclair Stevens, the economic critic for the Conservative Party in the other place, made a statement in early 1975 in which he said that the economic conditions which prevailed in 1974 were totally inappropriate for the imposition of controls which were proposed by the official opposition at that time. He went on to say that the situation had changed in 1975. That was the economic spokesman for the Conservative opposition in the other place speaking.

Senator Flynn: He is not the only one.

Senator Perrault: He had a lucid grasp of the situation.

Senator Flynn: Well, I value my own opinion as much as his.

Senator Perrault: You have your own opinion, but the economic expert which that party so assiduously recruited to its ranks to provide them with economic guidance differs with your economic views. Well, let me tell you this, that measured in political terms a call for restraint is no way to improve a party's position at the polls. Indeed, one great work entitled *Freedom, Welfare and Inflation* by a great, small "l" liberal economist, said that the disconcerting fact before all governments determined to fight inflation is that they often win the

fight at the expense of political power, but these tough choices must be made. I want to tell you that I am proud to be part of a government willing to put its political future on the line in the interests of making sure that Canada has a good, viable economy.

Some Hon. Senators: Hear, hear.

Senator Flynn: May I just mention to the Leader of the Government that I belong to the political party that risked the election in 1974 on that basis, and lost it? That is even tougher.

Senator Perrault: That was not bravery; that was bravado. Restraints do not constitute the route to political popularity. Those who, in a very superficial way, measure the performance of our political parties by probing the entrails of the Gallup poll every month—which has gone up 4 points, for the government, incidentally, in the past four weeks—do not understand what responsible government is all about.

Senator Flynn: But there was no place to go but up.

Senator Denis: Wait another four years.

Senator Perrault: The present program of restraints, with its difficulties, inconveniences, frustrations and admitted shortcomings, was chosen as the best way to get the economy back on the course to full employment without inflation.

All of us recall the words of the Prime Minister 12 months ago when he said that this anti-inflation program would be "rough justice." He said that the government introduced the program with reluctance because it knew that certain Canadians would be inconvenienced and would be caused difficulties. He said that we introduced restraints with reluctance because voluntary restraints had not been accepted. However, it would be better, he said, than the "rough injustice" of inflation which was wiping out those least able to protect themselves. This government at no time promoted the anti-inflation program as a painless panacea. The government said that it was going to be tough and difficult, but the process, hopefully, would lead to better results for all after its conclusion.

It can be said now, 12 months later, that we have made a good start, an encouraging start, but the battle is not won. Let us look at some of the figures. We had some statistics from the Leader of the Opposition today and he said that everything is going from bad to worse. Not so. Twelve months ago we were rapidly becoming a society of grab and greed. That is not an accusation against any one sector of society. No one sector should bear the sole blame. All of us shared some of the responsibility. Inflation was running at 11 per cent, and I gave you the other figures. At the rate of inflation that we had one year ago, the 1975 dollar would be worth 50 cents in 1981, and a nickel in the year 2000. Many people, especially those who were on fixed incomes, such as pensioners, were being devastated by inflation.

I look back to 12 months ago, for example, to my own province of British Columbia. Still unsettled was a dispute between the supermarkets, bakeries and their unions. Meat cutters were asking for over $30,000 a year in wages and benefits; checkout girls were asking for an increase from $11,000 to $16,000 per year. The supermarkets warned that they would eventually be forced to settle, and would have to pass the costs on to consumers. Well, what would have been the result? The consumer price index would have soared. Workers in many other industries had contracts linked to the cost of living; they would have received automatic increases. And who would have lost in the squeeze between big business and big labour? The unorganized, the pensioners, the persons on fixed incomes, those in our society who did not have strong negotiating teams to muscle themselves big increases. Well, little wonder the government had to act, and when it did act the government made this pledge to the people of Canada:

> That under the controls program the people of Canada would not be expected to endure a real loss of income. Instead they would have to accept a rate of increase in real income consistent with the growth rate of the economy.

That makes eminent good economic sense.

● (1510)

Twelve months later it can be reported, despite the rhetoric and the accusations, that the pledge has been kept. The purchasing power of Canadian workers has improved, and labour's share of net national income is rising.

Let us review the facts. Wages first. The rate of increase in nominal wages is slowing down—nominal wages. However, Anti-Inflation Board data, to be released very shortly now, will show that while compensation increases were in the order of 15 per cent in the pre-control days—that was the average—they are now down to about 10 per cent.

At the same time, Canada's rate of inflation at the end of September over September of 1975—these are the new figures—has been limited to 6.5 per cent. This means that the Canadian worker has made significant gains in real earnings—3.6 per cent. It means that the worker and his wife have more purchasing power than they had a year ago.

I challenge the CLC, some of whose members are manning picket lines from coast to coast in Canada today, including, apparently, the leader of the New Democratic Party, who is reported to be picketing in Oshawa, to tell us of other countries where the workers have achieved the real gains in purchasing power achieved by Canadian workers during the past 12 months.

As of October the inflation rate may not be lower in Canada than in the United States, but the inflation rate in Canada is now diminishing, as of October, at a faster rate than it is in the United States. Yet we are supposed to be having a day of protest about an anti-inflation program which is producing some of the most encouraging economic facts of any nation in the world.

Some Hon. Senators: Hear, hear.

Senator Perrault: So far as our rate of inflation is concerned, we have done exceedingly well in the international arena, and it is time for Canadians to take pride in their performance.

The average rate of inflation in the OECD countries—these are the latest figures just obtained—is 8.1 per cent for the 12 months ending August 1976. Canada's rate is the fourth lowest behind Switzerland, Germany and the United States, but we are catching up.

Let us look at the inflation rate among some of our trading partners and competitors: Japan, 8.8 per cent; France, 9.5 per cent—the same France which a year ago said there was no need for restraints or controls, and now has a wage freeze to be followed by a controls program; The Netherlands, 8.3 per cent; Sweden, 9.4 per cent, and a new government, largely because of the inflationary situation, could not handle the situation. The United Kingdom—

Senator Flynn: That is the solution I proposed.

Senator Perrault: The United Kingdom, 13.8 per cent; Italy, 17 per cent; Australia, 12.3 per cent; New Zealand, 17.7 per cent; Brazil, 36 per cent for the first six months of this year. The final Brazilian figure will be 50 per cent again this year. And we are told by the opposition here that Canada's anti-inflation economic policies have been a failure.

By worldwide standards, honourable senators, our controls program has worked and worked well, and it has worked well for the benefit of the workers of Canada who should perhaps be celebrating a day of thanksgiving and not a day of protest.

Some Hon. Senators: Hear, hear.

Senator Perrault: Controls have benefited the trade unionists, and quite a number of them realize it, protests notwithstanding.

I hold in my hand a letter which I have received from an official of a CLC affiliate in Canada, from an experienced and responsible union official, with the union letterhead on top, in which he writes:

> Dear Senator,
>
> I have been secretary of our union for the past 25 years. So I am well acquainted with the rank and file. And I could tell you how 95 out of 100 workers in our union are going to vote politically.
>
> You will find on the October 14 protest that nearly all of our province will be closed down. But I tell you that 70 per cent are doing it to save face.
>
> Most workers are not against control. They are against the unfairness of certain AIB judgments.

Which may be fair comment, depending upon the circumstances of the situation to which he refers. This respected 25-year veteran trade union official, well known in Canada, goes on to say:

> My own opinion is that there had to be controls, and if the government gives in to the CLC, God help Canada. There will be inflation so bad it will be completely out of hand.

It took courage to write that letter.

Senator Macdonald: Who is the author of that letter?

Senator Perrault: I will be glad to show it to you privately, senator.

Senator Macdonald: If you quote it, you should table it.

Senator Perrault: I will be glad to show it to the honourable senator privately. I want to protect the man's position, insofar as I am able to do so.

Senator Macdonald: Is it not a parliamentary rule that if one quotes a letter one should table it?

Senator Perrault: Not necessarily.

Senator Flynn: We will make an exception in this case.

Senator Perrault: I commend to honourable senators a speech given by Donald Secord, President of the Canadian Brotherhood of Railway, Transport and General Workers, in Montreal earlier this month. I sent for a copy of his speech, because there are many great and perceptive people in this trade union movement. The people who purport to be the public spokesmen are not necessarily the valid spokesmen for the working people of this country. This is what he said to his membership:

> I am quite sure that the government did not want to impose controls, particularly in view of its promise during the last election not to do so. Inflation was then at a double digit figure. The people, including trade union members, were concerned, and with good reason, and no one, including the economists, was coming forward with a solution.
>
> Labour, as represented by the Congress, was still concentrating on the high level of unemployment, urging the government to further increase the money supply as a cure. This at a time when inflation was heading for the skies and wage settlements were running as much as 20 per cent or more per year.

Mr. Secord continued:

> Privately many union leaders were saying this was economic madness—

And privately, honourable senators, this is exactly what they were telling the government in those consultations of 1975.

> Privately many union leaders were saying this was economic madness, which it was, but were telling their members they were going to get more for them than "that other union", and were telling all and sundry that it was to keep up with the cost of living.

Mr. Secord goes on, and no one can question his credentials as a union leader:

> As usual, business was saying it was labour's fault in demanding high wages, and government's fault in its high level of spending, while government was saying everyone else was at fault, and, besides, the people were demanding that it spend more. The awful fact is that there was a great deal of truth in all that was said.
>
> Business wasn't saying anything about the fact that to a large extent it charges what the market will bear. Each segment of our economy was striving for a larger share of the economic pie with a total disregard for others and the future, and no political party, economist or trade union leader was giving us a solution.

Did honourable senators ever hear a more accurate description of the way it was 12 months ago—not by a businessman, not by the government, but by a trade union leader speaking to his membership? This is how he concluded:

> It was in this atmosphere that the public became uneasy, sensing that we were on the road to disaster, and it was this reason there was a general public acceptance of the wage-price controls. That includes, to a considerable extent, union members, because when the worker goes home at night he is a citizen—he is the public with all the problems and concerns of his fellow man.

I commend union leaders of that kind, who know what is happening in this country of ours, who know that we must not allow the economic situation to deteriorate, as it has in Britain, so that desperation measures have to be put in place.

What of profits? Last night I heard one of the leaders saying "It's because the government won't restrain profits. It's that profit rip-off that they are allowing, but they are restraining us."

Profits before taxes in the first half of 1976 were up 5.5 per cent over the first half of 1975. That is, in 1976 they were up 5.5 per cent over the first half of 1975. The share of GNP had fallen over this period from 11.3 per cent to 10.3 per cent. Nevertheless, profits in Canada have been consistently higher than they have been in the United States since early 1973. The largest single reason for this has been the higher level of economic activity in Canada. But I listen appalled, honourable senators, as perhaps you do, when I hear reports of one leader of a national political party trailing around Canada attacking the very idea of profits, and in effect saying, "Isn't it a shocking thing that XY corporation has had three times as much profit this year as last year?" without stating that in terms of return on invested capital, and when last year may have been 2 per cent and 1976 may be 6 per cent. This misuse of economic facts to divide, to distress and to cause alarm, is an irresponsible way for any person in public life to perform.

● (1520)

Let us look at prices. It appears certain that the increase in the consumer price index in the year ending in October will be well below the anti-inflation target of 8 per cent. In other words, the target is going to be met. As of September, all items had risen by 6.5 per cent, while food items dropped one-half of 1 per cent compared with a year earlier. The rise in non-food items in September is the result primarily of oil and gas price increases. Here is an interesting point. The opposition says, "Isn't it a shocking thing how the inflation rate has gone up from 6.2 per cent to 6.5 per cent in one month; that is federal government mismanagement." And yet the provincial governments, many of whom share the same political beliefs as some of these federal critics, are the ones supporting increases in gas and oil prices.

Let us look at food. Many spokesmen have stated: "Look, the reason for Canada's excellent performance in the fight against inflation is because of food, and it is not controlled." Farm gate prices and import prices are not controlled. However, depending on the item, from 30 per cent to 55 per cent of the price which the housewife pays for food is made up of transportation, processing and distribution costs. And these are being controlled by the anti-inflation program, as are many of the costs to the farmer who produces the food in the first place. The slowdown in the rate of increase in wages and other costs faced by processors and distributors are being passed on to the shoppers. Our controls program has halted the spiralling cost of food which had much to do with the high wage demands of only one year ago.

The controls program limits price increases essentially by setting ceilings on the profit margins that firms are allowed to earn, and most firms have priced their products so as to stay within the limits, or prices have been held within the limits by market circumstances.

The first compliance period for most firms ended in December 1975, and in that period about 100 firms earned higher than permitted profits, and as a result they had to file compliance plans with the Anti-Inflation Board. Examples of such compliance plans are Monarch Fine Foods and General Foods, to name two. Also, about 500 of the largest firms in the country have to give the AIB prior notice of all significant price increases. About 1,000 price pre-notification cases have been reviewed to date. In most cases, the firms did not make a formal request for a price increase because after meeting with the AIB it became clear to them that such increases would result in excess revenue, and so they did not proceed. In other cases, formal requests for price increases have been reduced. Let me name some names—Gulf Oil, Texaco Oil, BP, Imperial Oil, la Brasserie O'Keefe Ltée. and Travellers' Insurance Company. That is just part of the list.

So, honourable senators, controls have been fair to all sides, and have been to the benefit of Canada as a whole. But this is not to say that they are perfect. But instead of labour organizing days of protest, and business people having the Canadian Chamber of Commerce meet in convention to pass resolutions in opposition to the program, why not more constructive cooperative efforts by all Canadians to strengthen the program and to advance positive alternative ideas to make the program more equitable?

What is really to be gained by raising a CLC fund of $500,000 to fight restraint and controls when, in their heart of hearts, CLC leaders know it is to the ultimate benefit of the Canadian worker that restraint should work and inflation be defeated? These are the challenges the government is continuing to issue to all sectors of the economy.

It seems likely that the Canadian economy will generate about 250,000 new jobs this year. Perhaps the CLC spokesmen would like to give us the names of other countries matching this performance. This growth in Canada has matched the number of entrants into the labour force. Consequently, although the rate of unemployment has averaged 7.1 per cent in 1976, the great majority of heads of households in this country are employed. That 7.1 per cent figure does not represent the same devastating social impact that 7.1 per cent would have represented, for example, 15 or 20 years ago. The

adult male rate of unemployment has remained fairly constant at 4 per cent.

So here we are one year after controls were first instituted. The program is working; it is on the way to success. The program will end in 1978, and, as the Prime Minister said yesterday, the government would be tempted to end controls today if it could be guaranteed that we would not return to the high rate of demand for various forms of income that was present one year ago. The CLC has been asked, "If you would like to abandon controls, what alternative can you provide that will ensure that we will not go into another round of one-year demands ranging from 30 per cent to 75 per cent?" And the response has been less than encouraging. We are waiting. Perhaps some ideas are under development. They are most welcome. Certainly this process would be a more useful exercise than days of protest.

Honourable senators, if we, as individuals, corporations or governments, relax our cooperative efforts to win the battle against inflation, we are going to run the risk of prices accelerating again.

It is the view of this government that the success of the anti-inflation program outweighs the importance or the significance of political popularity polls, and any other consideration. The national interest transcends in importance the course of battle in the political arena or political rivalries. With inflation rates coming down in the economies of our most important trading partners, our international competitive position could not withstand a new acceleration in costs.

Our current account deficit, as the Leader of the Opposition has stated, is very large and we are borrowing from abroad. This has been partly due to the impact of recession abroad on our exports, but some recovery is now under way. As you know, it is also partly because of our growing dependence on imported oil, and this can be turned around only slowly by our energy strategy. But it is also partly due to challenges to our competitive position.

The most fundamental policy we must pursue to improve our balance of payments and to slow down the rising price-wage spiral is to bring inflation under control in this country. I want to assure you again that the federal government is committed to winding up mandatory controls by the end of 1978. This bears repeating. This government does not wish to have to make detailed interventions in private decisions, and so the present restraints and guidelines will not become permanent features of our economic life. That is the philosophy to be found in the Speech from the Throne.

Senator Flynn: Not in those words.

Senator Perrault: This is a time for testing—a time of testing for all of us. It is a testing of the national will and resolve to overcome our economic problems, and, as the Speech from the Throne points out, our problems relating to national unity and keeping Canada together.

The nation is on trial and, more than that, our system is very much on trial. We have talked a great deal about a free economy in recent months from coast to coast in Canada, and there was a vigorous controversy about a well-known speech made by the Prime Minister last New Year's eve. A profound truth is evident: Confederation and all of our free institutions are going to be tried and tested as never before, in the years to come. How are we going to meet the test?

• (1530)

I think that we all share the belief that, while we may disagree politically, we will beat inflation. You have your theory, Senator Flynn, on how it will be beaten, and we on this side may have other views, but I am confident that if we continue to work together we can win that fight.

Much is being spoken and written about the era of post-controls, and a white paper has been produced on the subject—the kind of society which will exist after today's formal economic restraints are gone. It will be an important dialogue. But one fact becomes increasingly evident to all of us: Canada and the world will never be the same again. Gone are the relatively easy years of economic growth just after the war, when investors lined up at Canada's door and said, "We are eager to put our money in your country." We now have rough, tough competition internationally for money and markets. Gone are the times of war-created shortages in which people would buy everything we could sell and were not concerned too much about the price.

It will be a tougher and more competitive world, economically and ideologically. Yes, ideologically. Out of 144 nations in the world today, honourable senators, there are only 51 left with any semblance, even an elemental semblance, of democracy; and of those only 21 have a full democracy in the sense that we know it in Canada. Senator McDonald reminds me that that represents only 17 per cent of the population of the world. And every year two or three more governments give way to some form of authoritarianism or totalitarianism, usually because of some economic difficulty or disaster. People in despair born of economic misery say, "Well, if we cannot make our free economy work and protect the integrity of our money, give us a strong man. We will trade off our democratic freedom and accept more direction over our lives in return for economic stability and money that will retain its purchasing power." All too often the trend toward undemocratic and authoritarian government is triggered by some economic crisis. In recent years we have seen many examples of rampant inflation and economic mismanagement leading to the establishment of undemocratic forms of government.

I believe, and it is the philosophy of this Speech from the Throne, that if we ever come to a point in Canada where a life of thrift, energy, hard work and enterprise will be rewarded in devalued dollars—dollars worth five cents in the year 2000, for example—and a debased currency, the result of rampant and unfettered inflation, then our economic system as well as our free society will be placed in jeopardy. And the time could come in our own nation when an angry and frustrated population might not only demand a change to the Conservatives, the Liberals, the NDP or any other party, but a change in the system.

The other day the respected British Prime Minister said that if the economic situation continues to deteriorate in Great Britain the citizens of that country will face the danger of a dictatorship of the left or of the right. We do not want that in Canada. But if we fail to make our free society operate fairly for all, and if we are unwilling, or unable, to accept the burdens of individual responsibility imposed by a free society, then we may find that the people of this country, in their anger and frustration, will forego some of today's cherished freedoms in order to bring more stability to this nation's economic life. And so today and in the era ahead, Canadians will be required to demonstrate an unparalleled degree of cooperation. Are we capable of it?

Honourable senators, I realize I have been speaking at length, but I believe so acutely that this situation is a serious one in Canada that I feel I must make certain points clear.

Senator Flynn: Don't become a pessimist!

Senator Perrault: I am never a pessimist, but the recent record of work stoppages, strikes, lock-outs and wildcat disputes, of slowdowns and economic disruptions, demands new ways to bring labour, management and government into closer relationship; and the government is striving for this new relationship. It is not a matter of attributing blame here. It is a matter of saying that unless we work together we will be in serious trouble again after today's restraints have been lifted. All of us must do better, whether we serve in government or in the private sector.

Yes, Senator Flynn, the government does have to accept some of the responsibility for the events of recent years, as do all governments. You are quite right. We have many programs, most of them supported by the opposition parties in Parliament, open-ended programs, which today are accelerating in cost far more rapidly than the improvement in the gross national product. You are quite right in what you have said in that respect. But those people who criticize this increase in government expenditure so seldom tell us how major expenditures can be reduced or cancelled. There is real restraint in government spending. Yet, you say there has been a 16 per cent increase in the government's budget this year. Surely, senator, you are aware of the enormous amounts involved in transfer payments—for the senior citizens, for medicare costs and for hospitals. You could cancel 300 Information Canadas and Opportunities for Youth programs and still not reduce significantly the federal budget. Today, honourable senators, we could fire every civil servant in Canada, God forbid—

Senator Flynn: Are you sure?

Senator Perrault: —and we would reduce the budget by only 1 per cent. We are talking in terms of enormous figures. But the whole idea of restraint and responsibility applies equally to the federal government and to the other sectors of the economy, and it certainly applies to those in the opposition parties as well.

Cooperation is the key. It is no accident that the economy of West Germany is the strongest in Western Europe, and one of the most powerful in the world. Since 1972 West German workers have had fewer strikes than workers in all other countries. By 1974 the difference between the West German record and that of other countries had increased to the point where for every 48 days lost by German workers because of strikes, French workers lost 201 days, British workers lost 650 days and Canadian workers lost 930 days.

Senator Flynn: It is awful!

Senator Perrault: This is the situation that we have in this country, and I think it is more important than Liberals blaming Conservatives and NDPers, and Conservatives and NDPers blaming Liberals, or any one segment of society blaming any other.

Senator Flynn: I agree with that.

Senator Perrault: As a recent report on the state of the unions and labour relations in West Germany states, West Germany's successful economic performance raises questions about an economic system which can bring a country from a state of complete ruin in 1945 to the point 30 years later of becoming one of the world's most stable economies during a period of serious world recession.

Canada's system of free collective bargaining has brought great advances to the workers of this nation and to the entire country, but it must be vastly improved if we are to remain a competitive and prosperous nation.

All sectors of the economy must improve performance. We cannot afford to indulge in the dubious luxury of long and costly labour-management squabbles, which in all too many cases are unrelated to productivity, to profits or to our competitive position in the world, but are related solely to a testing of economic muscle and strength. How many more Pyrrhic victories can this nation afford with both sides engaged in long and costly battles, and the public interest crushed in the process? It is no accident that those nations with strong economies—and the increase in the West German Consumer Price Index, incidentally, averaged over the past 12 months, was just over 4 per cent—have sought and established new paths to economic cooperation, including labour, management and government.

• (1540)

Honourable senators, I suggest to you that, despite our vicissitudes, there are many more reasons for a day of thanksgiving than for a day of protest. We are some of the most fortunate people on the face of the globe, and it would be a tragedy of monumental proportions to have our economy, our competitive position in the world, and, yes, our national unity, placed in jeopardy because during this time of testing for all of us we were unequal to the challenge, unable to lift our sights and unable to place the national interest before all other considerations.

On motion of Senator Petten, for Senator Buckwold, debate adjourned.

The Senate adjourned until Tuesday, October 19, at 8 p.m.

THE SENATE

Tuesday, October 19, 1976

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Petten tabled:

Report of the International Development Research Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 22 of the International Development Research Centre Act, Chapter 21 (1st Supplement), R.S.C., 1970.

Report of Defence Construction (1951) Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Statement of all bonds registered at the office of the Registrar General of Canada for the period October 1, 1974, to October 12, 1976, pursuant to section 32 of the Public Officers Act, Chapter P-30, R.S.C., 1970.

Report of expenditures and administration in connection with the Family Allowances Act for the fiscal year ended March 31, 1976, pursuant to section 14 of the said Act, Chapter F-1, R.S.C., 1970.

Report of expenditures and administration in connection with the Old Age Security Act for the fiscal year ended March 31, 1976, pursuant to section 26 of the said Act, Chapter O-6, R.S.C., 1970.

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1976, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

Report of the National Arts Centre Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 17 of the National Arts Centre Act, Chapter N-2, R.S.C., 1970.

Copies of Working Paper entitled "The Way Ahead: A Framework for Discussion," dated October 1976, issued by the Department of Finance.

Report of the Cape Breton Development Corporation, including its financial statements and auditors' report, for the fiscal year ended March 31, 1976, pursuant to section 33 of the Cape Breton Development Corporation Act, Chapter C-13, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the month of July 1976, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Public Accounts of Canada, Volume I, for the fiscal year ended March 31, 1976, pursuant to section 55(1) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of a document entitled "Basic Facts about Pensions in the Public Service of Canada," dated October 18, 1976, issued by the President of The Treasury Board.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between Federated Co-Operatives Limited, Smith Division, and the group of its hourly paid employees in Alberta in its Forest Products Division as represented by the International Woodworkers of America, Local 1-207. Order dated October 12, 1976.

Report of Statistics Canada for the fiscal year ended March 31, 1976, pursuant to section 4(3) of the Statistics Act, Chapter 15, Statutes of Canada, 1970-71-72.

Report of the Standing Senate Committee on National Finance, appointed in the last session of Parliament and authorized in that session to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ended the 31st March, 1975.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, October 14, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply thereto.

Hon. Sidney L. Buckwold: Honourable senators, it is my privilege to continue the debate on the motion for an Address in reply to His Excellency the Governor General's Speech from the Throne. In doing so, I first of all should like to express my respect for the Honourable Speaker of the Senate, who led us so admirably during the last session. I am sure I speak for all members when I again compliment her on her ability and judgment.

I also wish to compliment the mover of the motion, Senator Lucier, on an excellent maiden speech, a breath of cool air from the Yukon.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): There will be quite a contrast tonight.

Senator Buckwold: You have not heard anything yet, senator. I was just going to compliment your colleague from Nova Scotia by suggesting that his speech was a breath of salt air. I can leave the other comments to you. I did want to make sure that Senator Barrow was acknowledged as well for his contribution to this debate.

I am sorry that the Leader of the Government is not here for me to pay my respects to him.

Senator Walker: Pay them anyway.

Senator Buckwold: I wish to acknowledge the excellence of his leadership, guidance and inspiration during the past session.

I am particularly pleased to speak to that empty seat across the way, although it may be represented by the acting deputy, Senator Walker; I would presume so. I am sure he will take back my respects to the distinguished Leader of the Opposition. I had the privilege of being with Senator Flynn for about three weeks at a meeting of the Commonwealth Parliamentary Association, and I must say it was a very pleasant experience. In spite of the efforts he makes to present a hard exterior, I found him a warm, generous and hospitable human being, and I want to make sure that that is acknowledged in any remarks I have to make. It was a real privilege for me to be associated with him at the conference of the Commonwealth Parliamentary Association.

Honourable senators, in speaking in this debate on the motion for an Address to His Excellency the Governor General, perhaps you will forgive me for referring to my own province for just a minute or two, because we were blessed this year with another outstanding grain crop. I should like to draw to the attention of the Senate a report on the yields of grain crop in Saskatchewan in 1976: Spring wheat, 465 million bushels; Durum wheat, 88 million bushels, for a total production of 553 million bushels. Oats, 105 million bushels; barley, 140 million bushels; rye, 9,500,000 bushels; flax, 4 million bushels; and rapeseed, 19,500,000 bushels. In 1976 the wheat crop in Saskatchewan produced a record in terms of total yield, the previous record being 537 million bushels produced in 1966. By the way, I thank my colleague, Senator Argue, the Chairman of the Standing Senate Committee on Agriculture, for obtaining these statistics for me which indicate again the importance of agriculture and the production of crops and grain of all kinds to the economy of this country. When the total of 831 million bushels of grain raised in Saskatchewan is multiplied by the reasonably good prices, although they are not as good as they were a year ago, the total becomes astounding. This is money added to the gross national product of Canada. It does not represent a depleting asset; it is seeds put in the ground and taken out to contribute to the well-being of this country. I draw this to the attention of the Senate because there are times which are not that favourable in Saskatchewan and when nature is not as beneficent, nor the prices as good.

I would like at this point to indicate that the swing at the present time is for the prosperity of Saskatchewan, which is contributing to the overall well-being of this country.

Hon. Senators: Hear, hear.

Senator Buckwold: They tell a little story out there about a farmer who was looking for a new tractor. Deliveries are a little hard to get. Farmers have money to spend and, as you know, farmers spend money. Anyway, this fellow wasn't able to get a tractor so he put an ad in the *Free Press Prairie Farmer*, a publication of which our prairie senators will be aware. According to the story, the advertisement read: "Young farmer with 1,200 acres of wheat land would like to meet lady with tractor. Object matrimony. Please send picture of tractor."

Honourable senators, my particular purpose in participating in the debate this evening is to comment on four lines contained in the Throne Speech. They are:

> Measures will be proposed to improve the collective bargaining system in the public service, to reduce the adversarial nature of the process and to ensure an equitable relationship between compensation levels in the public and private sectors.

• (2010)

I was delighted to see those comments in the Throne Speech because I would like to believe that they are a reflection of the work of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service, of which I had the privilege of being co-chairman.

The report of that committee was tabled on February 26, 1976, but there was very little discussion on it. It might be helpful if I referred briefly to some of the important concepts contained in that report, which are worthy of the Senate's attention and might serve as a reminder to officials who may be preparing enactments arising from the report, although I am quite sure that it has been carefully reviewed by those who make the decisions.

Generally speaking, the Public Service of Canada is governed by the Public Service Staff Relations Act, the Public Service Employment Act and the Financial Administration Act.

The major administrator, among many groups, is the Public Service Staff Relations Board. The chairman of that board has been Mr. Jacob Finkelman, a distinguished leader in labour administration, who, I believe, has now reached the point of retirement. I am not sure whether his retirement is yet effective, but this gives me an opportunity to pay him a tribute for his leadership in the field of labour relations at both provincial and federal government levels.

Mr. Finkelman was Chairman of the Public Service Staff Relations Board for many years. His report, the Finkelman report, contained recommendations for changes in relations between management and employees in the public service.

The Finkelman report, which was considered by our committee, consisted of a series of recommendations carefully drawn up by Mr. Finkelman. The committee, in looking at the

report, did not limit its investigation to the recommendations but went considerably further afield in reviewing this very important subject.

I should like to deal briefly with some of the major recommendations of the committee's report, which I believe could have a significant impact on legislation which might follow.

First let me give a few facts and figures on collective bargaining in the public service. I quote from the report, as follows:

> The Government of Canada is the largest employer in the country. Though not all government employees are public servants, there were in April, 1975, almost 250,000 public servants represented under the Public Service Staff Relations Act by 14 different bargaining agents in 104 bargaining units.
>
> According to evidence presented to the committee, between the introduction of collective bargaining in the Public Service in 1967, and November 30, 1975, there have been 449 collective agreements—73.9 per cent by voluntary agreement; 15.1 per cent following arbitration; 8.6 per cent following conciliation; and 2.4 per cent following a legal strike.

There were 449 collective agreements signed during that period, and there were only 11 legal strikes.

> Though Parliament has several times enacted back-to-work legislation for disputes falling under the Canada Labour Code, at no time has such action been necessary for the 11 lawful strikes under the Public Service Staff Relations Act. There have been, however, more than 50 unlawful strikes, since collective bargaining was introduced to the Public Service of Canada in 1967 and more appropriate means appear to be necessary to curtail unlawful activity. If the record had been different then we might have very well concluded that the assumptions underlying collective bargaining in the Public Service of Canada ought to be changed.

In other words, a good deal of consideration was given to the whole principle of the right to strike in the public service. The committee felt that because there were only 11 legal strikes, representing 2.4 per cent of the agreements, in a period of eight years, it was a reasonably successful record and one which justified continuation of that particular principle.

A good deal of thought was given to the public's interest in public service bargaining. Some witnesses wanted to eliminate the right to strike, as I have said, and others argued that it should be extended. It must be pointed out, however, that this is not just a federal government problem. It is estimated that more than two million persons are employed in public service in Canada—in the federal government, crown corporations, provincial governments, municipalities, school boards, hospital boards, et cetera. I hasten to add that I am not justifying that figure; I am merely reporting it as a fact.

If I am allowed, I shall read again from our committee's report:

> Considering our terms of reference, the immediate requirements for change, the evidence of the interested parties and the record of collective bargaining in the Public Service of Canada, your committee concludes that there is much merit in the system created by the legislation enacted in 1967. After all the evidence was heard and debated, Parliament added new dimensions to collective bargaining in Canada. In the future, the assumptions underlying collective bargaining may change but your committee's mandate and direction focused on finding solutions to today's problems. Therefore, our purpose was to strengthen and improve the collective bargaining process in the Public Service of Canada wherever possible.

I would like now, honourable senators, to discuss with you—some, certainly not all—of the recommendations contained in this report. First, I would draw to your attention the improvement that was recommended in the process and scope of designated employees. When the right to strike was given to federal employees, inherent in that right, as contained in the 1967 legislation, was the idea that the safety and security of the public must be assured. To bring this about a category known as "designated employees" was created. These designated employees are named, and are required to be available to maintain the safety and security of the public. This is a means of guaranteeing, supposedly, that safety and security during a time of strike. The committee recommended:

> That when Parliament is dissolved, the Governor-in-Council be empowered to suspend the right to strike, whenever in its opinion a strike is adverse to the public interest.

In other words, we suggested that in that period when Parliament is dissolved, and when the country is experiencing something of a hiatus insofar as getting people back to work is concerned, that right should be given to the Governor in Council.

As I have indicated, certain employees were designated as being required to provide safety and security, and were therefore denied the right to strike. The committee recommended changes which would include a wider range of interests insofar as protection of the public was concerned. Those would include such things as health and the protection of public property. Improvements were also recommended in the designation process.

This brings me to what, in my opinion, is one of the most pressing problems facing the federal government insofar as its employer-employee relations are concerned, and that is the problem of illegal strikes or walk-outs, and how they should be handled, especially where such illegal activity by designated employees is involved. If anything is complicated in the whole process of collective bargaining and relations between employer and employee, it is this matter of illegal strikes.

It is not my purpose today to go into the whole procedure, but the fact is that very little has been done in the past to take action against those who walk off the job illegally in contravention of their contracts. There are many reasons for this, and

perhaps at some other time we will have an opportunity to look at them. However, at the present time there is the cumbersome system of getting permission to prosecute from the Public Service Staff Relations Board, and then going to the courts. In this connection, the committee's report states that the judicial process has proven to be cumbersome and expensive and that court decisions lacked uniformity. It goes on:

> The present two-stage process with its substantial costs, delays, fragmented administration, absence of precedents, and inconsistent penalties has led all parties to agree that the present system for dealing with unlawful activity is not working well and is inappropriate.

● (2020)

The committee's Recommendation 23 is:

> 23. That three procedural remedies be available for dealing with unlawful actions:
>
> (i) Disciplinary action by the employer, reviewable through the grievance process and adjudication.
>
> (ii) Prosecution of an offence before the Public Service Staff Relations Board, and disposition of the case by the Public Service Staff Relations Board.
>
> (iii) Prosecution of an offence in the courts after obtaining consent to prosecute from the Public Service Staff Relations Board and disposition of the case by the courts.

As I indicated earlier, it is the third one which is presently the only means of prosecuting such illegal activities—that is, by permission of the Public Service Staff Relations Board. We have suggested that it is important to add the other two.

The committee has also recommended:

> 26. That where "designated employees" have interrupted or impaired services by an unlawful strike or there has been an unlawful lockout and no action has been initiated by the employer or bargaining agent against the contravening parties, then a Special Commissioner whose office shall be independent should be empowered to initiate legal proceedings.

That recommendation was made with a view to making sure public interest was always protected, and that, somewhere along the line, a deal would not be made to forego prosecution in order to get people back to work.

The committee also recommended a schedule of financial penalties for those guilty of unlawful activity. To that end the committee has identified the following classes of actions which, under the present act, are unlawful:

> (a) Declaration, authorization or incitement of unlawful strike.
>
> (b) Discrimination against employees or employee organizations prohibited under the act.
>
> (c) Participation of employees in an unlawful strike.
>
> (d) Intimidation of employees.
>
> (e) Other prohibited acts by unions, employers or representatives thereof.

Changes were also recommended in the areas of classification, technological change and long-term layoff. Technological change is especially important, and the recommendations of the committee in that respect should be carefully assessed. These include the following:

> That changes in technology, operations, organization or any other dimension of the structure or character of the employer's resources to provide service to the public be recognized as a prerogative of the employer.

It is the employer's right to institute such changes, but we qualify that by saying that the "employer be obliged to bargain the impact of adverse changes on employees which may occur as a consequence of the employer's actions" referred to in the above recommendation, "including the advance notice of such changes and the details to accompany the notice." We also recommend that the "Public Service Staff Relations Board have the authority and responsibility to provide for a mediator to assist the parties where there are differences."

Honourable senators, I believe that some of the present problems in the Post Office could possibly—and I emphasize "possibly"—have been avoided if these procedures had been operative.

The Speech from the Throne indicates that the government will attempt to ensure an equitable relationship between compensation levels in the public and private sectors. That is certainly desirable, and it is to be hoped that sound legislation to that end will be enacted. I should point out, however, that the committee rejected the idea of an all-embracing good employer concept, "as the basis of a model of compulsory arbitration and the removal of the right to strike."

It is indicated in the Speech from the Throne that action will be taken in an attempt to improve the present employer-employee bargaining process in the public service. I draw the attention of honourable senators to the committee's report and its recommendations, and I sincerely hope that these will be carefully considered, as I am sure they will, in any future legislative program.

Senator Lang: I wonder if I might ask the honourable senator a question arising out of his remarks?

In the deliberations of your committee, did you consider the question of whether public service employees, as opposed to those in the private sector, have in fact tenure of employment and, if so, is that tenure of employment consistent with the right to strike?

Senator Buckwold: I think it would be fair to say that that was considered. One of the reasons we were unable to completely accept the "good employer" concept was because of security of tenure in government service. I do not think we related it to the right to strike in the sense of a direct relationship, but we did consider it in the light of trying to make use of the "good employer" concept—that is to say, those who would be considered the best employers, and relating them to the federal service. We felt it would be somewhat

of an invidious comparison because of the very nature of the question you have raised.

Senator Lawson: Will the honourable senator permit a further question?

When you talked about your committee's recommendations with respect to illegal strikes and penalties, I did not hear any recommendation as to what agency or tribunal would make the determination as to what would constitute an illegal strike.

As background to my question, it was the general belief across the country that the recent strike at Anvil Mines was an illegal strike. I think many people in the labour movement felt it was an illegal strike, but when the issue went before the appropriate tribunal, it was deemed to be a legal strike—a not unlawful strike.

What agency or tribunal, under your recommendations, would make that determination?

Senator Buckwold: I indicated that there were three different directions that it could take. Over and above that, we recommended the appointment of a special commissioner whose responsibility would be to ensure that the public interest was protected, and if he felt that justice had not been served he would then be free to take whatever action he felt his office should take.

Senator Lawson: Would the special commissioner take action while the alleged illegal strike was taking place, or at some subsequent date? Are you talking about "curb side" justice, or what are you talking about in this instance?

Senator Buckwold: There are limitations in the report as to the time in which he will have to act. He should do so within a fixed number of days so that the public can see that action is being taken. The whole concept of the recommendation is to satisfy the public that those who take it upon themselves to carry out illegal activities will have to face the consequences, which, I am sorry to say, at the present time does not seem to be the case.

Hon. Keith Laird: Honourable senators, it is always a pleasure to commend Madam Speaker, not just for the very effective manner in which she carries out her duties in the chamber but—and this is more important—for the tremendous job she does in the matter of entertaining and other activities outside the chamber. Her efforts do much to enhance the image of this body.

Hon. Senators: Hear, hear.

Senator Laird: I certainly found the remarks of the mover of this motion, Senator Lucier, and the seconder, Senator Barrow most instructive and helpful, and as I proceed I shall perhaps have more to say specifically about them.

● (2030)

Needless to say, I commend the other two participants in this debate, both of them my friends, namely, Senator Perrault and Senator Flynn. Senator Perrault's remarks were very helpful, and this even goes for Senator Flynn. Tonight, however, in view of the fact that some of you have had a frightfully strenuous evening at another function, I have no intention of talking at any great length. I know you want to get back to your homes or hotel rooms to relax in front of the television.

Senator Flynn: Why?

Senator Laird: I understand there is a certain athletic event on television tonight, although, of course, that is pure hearsay. Very briefly, I would like to say something which will be a contribution to this debate.

Honourable senators, this summer I had the unique opportunity to go out west, and to the great northwest. I would recommend to any of my colleagues who have not undertaken such a journey to do so as soon as possible. I had been out before to the western provinces and British Columbia on more than one occasion, but never had I been to the northern territories or the Yukon until this summer.

My journey was not made all in one leap. I took occasion to pause here and there, and I owe a particular debt of gratitude to my colleagues, Senator Everett, Senator Buckwold and Senator Lucier, for all the help that they gave me in making this trip so memorable. I can tell you that those gentlemen kept me rather well occupied. There was a speech to make here and there, for instance, but I must say that that sort of thing keeps me happy. My visit did establish in my mind, however, the firm conviction, fortified by the speeches of Senator Lucier and Senator Perrault, that what every one of us from the Senate should do is to get around this country more. It is all very well to read what people say in *Hansard*, and it is all very well to hear all sorts of reports about what is happening in other parts of Canada, but there is no way to get the real facts in your head except by going there.

They have some very special problems in the north. Naturally I am more alert to the problems of the Yukon, having been there no more than a matter of six weeks ago, where they have a very different point of view on a lot of things. Having in mind the very fine speech of my friend, Senator Buckwold, and the theme which he dealt with so ably tonight, I must say that when I was in the Yukon I was amazed at the seriousness of their labour problems, which seemed to me to result from poor union leadership. I have been a supporter of unions all my life, so I think I can speak rather freely and say that the leadership of some unions alarms me. Without appearing to be a racist, I would say that too many of these leaders are expatriates, if you want to call them that, who have come here from some other part of the world—and I think the United Kingdom has contributed the worst. If you analyze the situation for yourselves, you will find that the most troublesome labour situations seem to have arisen where the leaders of the unions have not been Canadian-born. I repeat, I am anything but a racist, but I cannot help but speculate as to why these people left the countries they were born in to come here and give such poor leadership to certain unions. This is not universally true, but the situation as I have described it does exist, as you know only too well.

Senator Denis: Hear, hear.

Senator Laird: If you go to the Yukon you will find out about these things for yourselves by making the right contacts, and you will discover in particular the tremendous area of concern that exists regarding the native peoples. My friend Senator Lucier spoke very ably and at some length about that problem, so I will say no more except stress that this is a very real problem.

Another thing that Senator Lucier touched on, and which will interest you very much, I have no doubt, is that there has been a lot of talk about the desire of the Yukon to become a province. Let me assure you, as I believe he did, that up to this point there is no demand in the Yukon for provincial status. In fact, if a vote were taken I wager that there would not be 10 per cent of the people who would vote for such a proposition. I hope I am not exaggerating, Senator Lucier. They are simply not ready, as I see it, for the responsibilities of provincial government, with all the problems that arise in raising revenue, creating a bureaucracy, and so on.

Honourable senators, you can learn of all these things at first hand, if you will just take the trouble to go and find out for yourselves, instead of just reading about them and then bemoaning the situation. I urge you to go and find out for yourselves. It is my recommendation that any member of the Senate who has not done so should travel from one end of the country to the other.

I have been in the Maritimes on more than one occasion. Although I have not been there too recently, God willing, I hope to go back in that direction next year. However, somehow or other, I must go again to that fascinating part of the country that Senator Lucier comes from—the Yukon.

If any of you go out there, honourable senators, be sure to make an important investment in a little paperback book called *Songs of a Sourdough*, and again read, as you must have in the past, "The Cremation of Sam McGee" and "The Shooting of Dangerous Dan McGrew". These works will give you an idea of the background of so many of the people who are there now. They are really still pioneers.

The Throne Speech, unfortunately, took a lot of the thunder out of what I was going to say. I was going to let out the usual blasts about various things, but I find the Throne Speech has jumped the gun on me.

Senator Flynn: No, no; you are too humble. The Throne Speech has not stolen the thunder from anyone up to now.

Senator Laird: I am referring to the thunder I am going to get to in one minute. The Throne Speech deals with things which, as you know, I have thundered about in the past, even though they were government measures. Let us take bilingualism, for instance. I have said publicly all along that the method chosen was not the right method. Long before it was said by Keith Spicer, I said there was no sense in spending a lot of money trying to teach English-speaking public servants to speak French. Instead, it should be done at the kindergarten level. This, by the way, is what is being done in Windsor. I do not know about other Canadian cities, but when I went to the public school graduation of one of my numerous grandsons not long ago, I found he had been taking French for about four years, and that around the school were many signs in French. This is the way to go at it.

Then there is the matter of the creation of jobs, not through government action but by private enterprise. That principle is now the declared policy of the government.

● (2040)

There are so many other things like that. As I say, the Speech has taken some of the thunder out of my speech.

Senator Flynn: You mean you are interested in the reversals of government policy.

Senator Laird: As far as I am concerned, there may have been some reversals. If so, all to the good. What I say to my colleagues is, the main thing is that it seems to impose an extra burden on us in this chamber to see, for example, that these various policies are carried out in the way in which they are set out in the Throne Speech. Naturally, as has been pointed out, it is easy to make general statements, which is the normal thing in the debate on the Throne Speech. However, when we get down to specifics we come into our own, and this raises the other aspect about which I wanted to talk, very briefly I assure you.

I consider one of the most dangerous tendencies today to be the increasing amount of government by bureaucracy. This is really the first step towards totalitarianism. To paraphrase Arnold Toynbee, the great historian, in his *Study of History*, he said that a civilization is not destroyed by enemies from without, but by decay from within; that is, the suicidal tendencies of a civilization, which are exhibited in various ways, of which increasing bureaucratic control is one. As I say, it is a step on the road to totalitarianism.

You may ask: how does it come about that we let this go by? First of all, let us consider a member of the House of Commons. With his work there and his constituency work, which he has to do or else he does not get re-elected, I can safely say that most members of the House of Commons are swamped with work; they have not got too much time to attend to some of the ideas of some civil servants. By the way, in case my speech gets any publicity, I want to make one thing plain right now. Although, as I am reminded, there is nobody in the Press Gallery, they may well read the "blues" or look at *Hansard*. I want to make it very plain that I think the majority of civil servants are conscientious and hard-working.

However, there are two types of civil servants that I find extremely obnoxious. The first are those who will not give an honest day's work for an honest day's pay. Believe me, they are bad. However, they are nothing to the somewhat smaller group of empire builders, who are so intent on heading an organization that they will conjure up some new ideas just to bring in more and more people whom they can have in their department. The more I think of it, the more I believe that all things evil really boil down in the end to avarice. I do not mean merely an unreasoning love of money; I mean an unreasoning love of power. There are, unfortunately, some individuals in

the civil service who have that absolutely overwhelming desire to create an empire. We must watch this.

Instead of dealing only in generalities, I am going to give you a specific example of what we did here, which will illustrate what I am trying to urge on you now, that we have an unusually important role to play in the Senate in making sure that this sort of thing does not happen. In the Standing Senate Committee on Banking, Trade and Commerce we made a study of the subject matter of Bill C-60, respecting bankruptcy and insolvency, in advance of the bill coming before the Senate. Some of you here are members of that committee and heard us in action. You know what we did to that bill. We emasculated it to the point where the government took it back, and are now going to start all over again.

What that bill proposed was fantastic. It proposed to set up an administrator, so-called. What was this character going to do? Just about everything you could think of. He was going to assume so many functions that I will not try to go over them all. He was going to assume many of the functions now performed by the courts. That is the sort of thing we have to lick right here before it even gets started.

Let me tell you further, honourable senators, that that bill provided, in effect, for the creation of all sorts of new offices all over Canada so as to make it very easy for anybody to go bankrupt and get his discharge in 90 days. With the creation of all these new offices, can you imagine the number of new people who would have to be hired, the number who would then increase the empire of this administrator? I give you that specific illustration, which occurred in Senator Hayden's committee, because it is a perfect illustration of precisely what we in this chamber have to do. We must watch for that with every piece of legislation we review.

Let me tell you another thing that leads, of course, to government by bureaucracy, and that is the complexity and the proliferation of legislation. Proliferation does not mean necessarily bringing in new acts. It can mean taking an existing act and putting in it so much that is new that it then becomes so frightfully complex that nobody can really understand it, and therefore in desperation you turn to some permanent official in the department to get an interpretation. We have got to stop that sort of thing. That is all there is to it.

Senator Forsey: You get some wild and woolly interpretations sometimes.

Senator Laird: That is right. The whole trouble is that most people simply give up because it is so complex; they take the word of the permanent official in the department and let it go at that. That is how it comes about that we have so much bureaucratic government in this country already. Let us stop it right at this point.

Senator Flynn: Let us all sit on the left of Madam Speaker.

Senator McIlraith: You would be very lonely.

Senator Langlois: There would be chaos then.

Senator Flynn: Oh no. It could even be better.

Senator Laird: This is our job here. I mean all of us, everybody in the Senate, no matter what party he is in, it is his or her job to make sure that this thing does not happen. I am sure we agree there is absolutely no argument between the two sides on the desirability of that. We all know the dangers involved. It is one thing that I frankly consider downright dangerous under our present system, and we simply must watch it.

Unfortunately, I repeat, the members in the other place are literally swamped with work. If they are swamped, then cabinet ministers are hopelessly swamped; they have to turn for help to their permanent officials, and as a result they obviously on occasions do not examine as carefully as they should the implications of a proposal.

To me, a lot of things that it is tempting for the opposition to blame on a cabinet minister are really not his fault; they are simply the result of our system, which unfortunately overworks the elected people. Fortunately we here do not have to face that problem, and that is why we have a special duty. We can take time to plough into things, and we can definitely serve a real purpose in so doing.

I said I would be brief. I hope I have made at least one punchy point. With that, I simply express my appreciation to you for listening to me for this length of time under these circumstances.

Senator Flynn: That is the best speech we have heard up to now.

On motion of Senator Langlois, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 20, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the financial statements of the Board, for the fiscal year ended March 31, 1976, pursuant to section 15 of the *Queen Elizabeth II Canadian Research Fund Act,* Chapter Q-1, R.S.C., 1970.

Report of The Seaway International Bridge Corporation, Ltd., including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1975, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of The St. Lawrence Seaway Authority, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1975, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Reports of the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority, Ltd. and the Pacific Pilotage Authority, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1975, pursuant to section 28 of the *Pilotage Act,* Chapter 52, Statutes of Canada, 1970-71-72.

FEDERAL BY-ELECTIONS

RESULTS—QUESTION

Senator Flynn: Honourable senators, now that the final results of the by-elections held last Monday are in, I wonder if the Leader of the Government has any comment to offer on behalf of the government?

Senator Perrault: Honourable senators, the government subscribes to the belief that under our democratic system the people of Canada have a right to be wrong.

Some Hon. Senators: Hear, hear.

Senator Walker: Very well done, sir; you had that prepared.

Senator Smith (Colchester): That will make a good quotation about two years from now.

Senator Flynn: A supplementary question: Does the government believe that it can be wrong occasionally?

Senator Bourget: Order.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lucier, seconded by the Honourable Senator Barrow, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Langlois*).

Senator Langlois: Honourable senators, I am very pleased to yield to our distinguished colleague, Senator Macdonald, the Opposition Whip.

Hon. John M. Macdonald: Honourable senators, first of all I must thank Senator Langlois for yielding me his time this afternoon. I will endeavour to reciprocate at some future date.

In speaking on the Speech from the Throne one can cover a great many subjects. However, before discussing any of them I should like to convey congratulations to our Speaker on the efficient manner in which she presides over our deliberations.

Hon. Senators: Hear, hear.

Senator Macdonald: I wish also to congratulate her with respect to the splendid manner in which she carries out the other innumerable duties of the office of Speaker and assure her that we are all very proud of her.

Hon. Senators: Hear, hear.

Senator Macdonald: Also at this time I should like to congratulate the mover and seconder of the Address; in my opinion they both delivered excellent speeches and performed a somewhat difficult task in a very commendable manner. In moving the Address in reply, Senator Lucier gave us a most interesting and informative description of the Yukon Territory, which he represents in this chamber. In my opinion that and his future speeches, as well as his presence here, will be a constant incentive to us from the eastern seaboard to learn more about that vast land and to give sympathetic support to any proposals he puts forward, in order to assist him in representing the Yukon Territory as its first senator.

I must tell you, honourable senators, that I was not surprised that Senator Barrow made an excellent speech. I expected that he would and I was certainly not disappointed. I was pleased that he devoted so much of his speech to the economic problems of Nova Scotia, because when he speaks on

matters pertaining to Nova Scotia he does so with both knowledge and authority.

He mentioned the extremely high cost of electrical energy in the province. Without doubt this is a matter of grave concern both to individuals and to industry. Only in Prince Edward Island is the cost of electrical energy higher than in Nova Scotia, and I expect that when the Public Utility Board of Nova Scotia gives a ruling on an application now before it for increasing the electrical charges, Nova Scotia will have the dubious distinction of paying the highest rate in Canada for electrical energy.

I endorse and support the suggestion of Senator Barrow, and that of the Government of Nova Scotia, that assistance be provided by the federal government. Nova Scotia has asked for assistance from Ottawa in the form of a five-year subsidy, and I wholly agree with Senator Barrow that the province needs such interim assistance to help cushion the crippling rate increases which face both householders and businesses alike.

I also endorse what he said about the proposed Canstel project for industrial Cape Breton. If such a plant becomes a reality it will give a tremendous uplift not only to Cape Breton but to the whole of Nova Scotia.

I was pleased to hear Senator Barrow say that in his opinion the prospects for a new steel plant appeared excellent, because statements I have heard to date have not been too optimistic. It should be realized that the proposed new plant is a tremendous undertaking and one that would require a vast amount of capital investment. I understand that the feasibility study mentioned by Senator Barrow is expected to be completed in either late February or early March, 1977. However, we must remember that even if the report is favourable, the actual financing of such a project will be a tremendous undertaking and, indeed, likely to be a major problem. No doubt it is for that reason that Senator Barrow feels it necessary for the Government of Canada to become involved. Together with all Nova Scotians, I personally hope that we shall get that new steel complex in Cape Breton, because it would be an asset to us and would give a tremendous boost not only to the economy of Cape Breton but to all the province.

When discussing Canstel, perhaps a word of warning is in order. I recently reread the speech given last February by Mr. Ralph D. Hindson, Managing Director of Canstel Corporation, in which he said that he was dealing with facts. He certainly was. He mentioned 23 of them. In the course of his remarks—some of which scared me—his general attitude was of restrained optimism. He did not appear to be too optimistic about the future of the present Sydney steel plant if a new plant does not materialize. We must remember that the old plant has been the backbone of the economy in the Sydney area for many years, and in our search for a new one the old one must not be neglected. It must not be allowed to wither and eventually die, because that plant still provides employment for 2,500 men, although the number is diminishing each year.

I know that the Government of Nova Scotia is sympathetic toward the plant. As a Cape Bretoner, I give great credit to the government of G. I. Smith, now Senator Smith, who in 1967 had the courage to take over the plant, thus saving the economy of the Sydney area. I also give credit to that government for committing large sums of money to be used for modernizing the plant. Credit is due also to the government of Gerald Reagan, which has continued not only to commit but also to spend large sums of money to keep the plant in operation.

To change the subject, honourable senators, I personally cannot get too excited about the statement in the Speech from the Throne that the government will preserve and enhance a policy of reliance on individual enterprise as a mainspring of economic activity. In the area of Nova Scotia which I represent, namely, the Island of Cape Breton, the Sydney steel plant is government-owned; the coal mines are government-owned, and most of the transportation comes under the CNR or its direction so it is government-owned. The fishing industry has had major assistance from governments. And in the service industries the main source of employment is education. All these are not individual enterprises, and personally I would hate to think what the situation would be if we were depending on private or individual enterprise as the mainspring of our economic activity.

● (1410)

The Speech from the Throne is, in my view, a rather depressing document. Like most such speeches in recent years it is rather long; it touches on many subjects but says little if anything specific about any of them. Personally, I think it is but a hollow shell, and we are asked to trust the government to bring in legislation which would, I suppose, in God's good time bring these objectives to us.

Honourable senators, for this government to ask us to accept the vague outline of policy contained in the Speech from the Throne is asking a lot, and I shall tell you why. It is because the government has lost its credibility, and I think that its attitude towards the problem of inflation is largely responsible for that loss of credibility.

Recently I looked over some previous Throne Speeches, and I noticed in the Speech from the Throne delivered on February 27, 1974, the government had this to say:

> The Canadian economy, perhaps more than any other, is closely tied to international trade and markets. The principal inflationary pressures have come from outside the country. It would have been singularly inappropriate under such conditions to have resorted to general income and price controls and the government rejected them for these reasons.

I am sure we all remember the attitude of the Liberal Party in the election of 1974 when from one end of this country to the other scorn and ridicule was heaped on the very idea of income and price controls, and in the Speech from the Throne of September 30, 1974, no mention was made of controls. But it did mention inflation. It said:

> For Canada as well as for most of the world the most serious problem is inflation; it is necessary both to deal with its causes and to mitigate its effects.

The Speech went on to mention that this was going to be achieved by increasing the supply of goods and services, and by asking for voluntary restraint on the part of employers and employees. There was still no mention of controls; inflation was still a world problem, but it was a small step in the direction that something could be done in Canada by voluntary restraint.

Honourable senators, it is history now that the government finally decided it had been wrong in proclaiming that since inflation was a world problem, Canada could do nothing about it. It is history now that in the last election the Liberal Party was wrong in ridiculing the idea of controls. And the result has been that the government lost its credibility when it imposed controls, having opposed them so vigorously and having persuaded the electorate that controls were unnecessary, unwise and unworkable. In my opinion, the day is past when this government can bring in a Speech from the Throne like the one we are now considering, which in effect asks the Canadian people to trust it. How can it expect to be given such trust? I believe that if the government is sincere about the objectives mentioned in the Throne Speech, then it must set out in very specific terms the legislation it proposes to bring before Parliament to attain these objectives.

I was particularly interested in that part of the Throne Speech dealing with unemployment. After mentioning that in pursuit of the goal of a higher rate of employment certain things need to be done, it states that in some cases and locations higher employment can only be achieved by direct job creation by government. Without any doubt this is correct. The Speech then went on to say:

> You will therefore be asked to approve a comprehensive, year-round, direct job creation program, directed particularly towards areas of chronic high unemployment. Other programs will provide more job opportunities and improved employment counselling for young people.

Honourable senators, coming from an area where there is chronic high unemployment, I certainly hope the government will bring forth its program without delay. Certainly, such a program together with more job opportunities for young people would have widespread support, but any delay in giving the specifics of such a program will cause not only uneasiness but also grave misgivings as to the very existence of such a job-creating program.

Even now there is considerable unrest about the Local Initiatives Program, which is in itself a job-creating program. In many cases there has been substantial reduction in the amount of money allotted to LIP. In the constituency where I reside, for example, last year, that is the 1975-76 fiscal year, $830,000 was allotted for LIP, and something over that amount was actually granted. The allotment for the 1976-77 fiscal year has been reduced by almost one-half to $432,000. In order to reassure the unemployed, therefore, I believe it is essential that the government announce its job-creating program at once, and I certainly hope it will do so.

Honourable senators, I do not propose to discuss the other items in the Speech at this time, but one thing does disturb me, because in my opinion it is a backward step. Let me just quote from the Speech itself:

> In the areas of medical insurance, hospital insurance and post-secondary education, negotiations will continue with the provinces concerning the gradual introduction of new financial and administrative arrangements. These changes would not only allow the provinces to exercise greater flexibility in the provision of services, but would also serve the federal government's goal of co-operative restraint upon the rising cost of health and social security programs.

We should have an explanation of just what is meant by that, because surely the health and social security programs are the very last things which should be tampered with, and any attempt to do so should be strenuously opposed.

Honourable senators, I would not like to end my remarks today on a note of even mild criticism; so I want to quote one portion of the Speech with which I wholly agree:

> The government also intends to increase programs to enable young people from various parts of the country to learn more about one another.

Of course, this again gives no details, but I would hope it means that opportunities will be provided for young people to visit parts of Canada other than their own homelands. Such visits would be an effective way to remove any existing barriers preventing people from different parts of Canada from understanding each other, and I believe that such a program, involving young people mingling with other young people from various parts of the country, would in time solve many of the problems we face today.

Honourable senators, as the Speech from the Throne is so general and so vague, I do hope that, when the debate on the Address in reply to the Speech from the Throne is over in both houses, legislation will be introduced at once so that we can see if the government has any effective programs to present to Parliament, especially programs dealing with unemployment and inflation.

Hon. John J. Connolly: Honourable senators, I am sure we were all most delighted to notice at the opening of Parliament that His Excellency the Governor General had proceeded so far along the road to recovery. And, if I may say, with respect, of Madam Leger, it seems to me that the exhibition of her devotion to her consort, to his welfare and, certainly, to his office, was matched only by the excellence of her performance in this chamber that day.

• (1420)

Like all honourable senators, I am more than delighted to see that Madam Speaker will continue to preside over our affairs in this chamber. She is a distinguished and worthy occupant of the Chair of the Speaker of this chamber, and she has performed with distinction, not only within the chamber

but, as well, outside it. Just the other evening—and, unfortunately, I did not know about this program in advance—I was flicking the dial on my television and all of a sudden saw the portraits on the screen of Madam Speaker, Senator Walker and Senator Forsey. It was obvious that they had been talking about the Senate.

The person in charge of the program was the Honourable Judy LaMarsh, and it was obvious that they had impressed her, which is an achievement, I should think, and I am sure that they impressed the viewing audience. It is my hope that perhaps that program might be available to all senators at some convenient time, because it seemed to be a particularly good one. I congratulate Madam Speaker and her colleagues.

I thought, too, that we heard excellent speeches from the mover and seconder of the motion for an Address in reply to the Speech from the Throne, Senators Lucier and Barrow. As Senator Buckwold said, one speech was a cool breeze; the other one a salty breeze. They spoke from the perspective of two oceans, in this case, the Arctic and the Atlantic, not the Pacific and the Atlantic. One was speaking about the problems of what I think we must describe as a frontier in this country, and the other about the problems of a long-settled area—the problems, perhaps, of a more primitive society and the problems of the more developed, perhaps even sophisticated, society of Nova Scotia.

What came out of both speeches was that, notwithstanding that there are problems in both areas, as there are problems in every area of Canada, both speakers emphasized the opportunities which are available to Canadians who live in their respective regions, and both of them were optimistic about the future. This is gratifying for parliamentarians to hear.

Honourable senators, the gracious Speech referred to Her Majesty's visit to North America. The Queen and Prince Philip went first to the United States and there, unquestionably, Her Majesty captivated and charmed the Americans as much as George III and Lord North had outraged them in 1776. Her Majesty's visit to the United States coincided with the bicentennial celebrations. I knew through people who had personal experience at some of the events in which Her Majesty participated, that they were not only delighted but were most grateful for Her Majesty's presence in helping them celebrate the two hundredth anniversary of U.S. independence.

The quality of the monarchy today is of a very high order indeed. It was demonstrated again in the visit of Her Majesty to eastern and central Canada, and perhaps in the unique circumstances at the time of the Olympic Games in Montreal. I think the Canadian journey had an additional aspect which arose because of the presence in Canada, perhaps for the first time outside the United Kingdom, of the entire royal family. It was a personal and domestic aspect which was friendly, warming and reassuring.

Honourable senators, the speech I propose to make today is somewhat different from those normally made on the Address in reply to the Speech from the Throne. On this occasion I feel constrained to make some remarks about the Olympic Games which were held in Montreal in July of this year. This was a notable occasion. Too often we accept success without reflection, though reflection can be good for our souls and our feelings as a people.

The Montreal Olympic project was not an initiative, nor a responsibility, of the federal government, though I think the response and assistance given by Ottawa were proper and effective. That the Olympic Games project would be expensive was expected, but that it would prove expensive beyond anyone's dreams was not. However, it was obvious that in order to carry out an undertaking of such magnitude there was going to have to be a lot of money spent.

Canada was the host, and as the host Canada performed well and to her credit. The Games were directed from Montreal, perhaps from Quebec, but Canadians from all provinces contributed and cooperated in making them a success.

At the time the games were to open serious problems arose. There was, for example, the Taiwan issue and the withdrawal of many of the African teams. That these two issues should have emerged was regrettable. Certainly I might have been a lot happier if the International Olympic Committee had been left to settle the Taiwan issue. But I am not overcritical of the decision of the Government of Canada to be forthright and even to court criticism, as it did by objecting to a public posture from the visiting Taiwan team which was deemed by a great many Canadians to be objectionable in this country. The withdrawal of the African teams was a loss to the athletic programs of the games, and was detrimental to the feelings of amity which otherwise existed among the participating nations.

No one in this country, and few, if any, people in the international community, would support apartheid, regardless of where it is practised. But there is a time and a place to register objections on counts of this kind, and I think it was hardly appropriate for countries, most of whom are friends of Canada, and most of whom have had the benefit and use of our foreign aid programs, to threaten the success of the Games for which many Canadians had worked so long and so hard.

It is to be noted from the gracious Speech that Canada's foreign aid is to be maintained and developed. There is no suggestion, either there or in programs that have been announced, of retaliation against any of the countries that withdrew from the Games, though Canadians would have preferred to see more prudence and maturity displayed by the governments concerned in this unfortunate development.

Both of these political developments evoked comment in the media, on the editorial as well as the sports pages, but they were not universally criticized. In some quarters, however, the demand was made, "Let's give these Games back to the athletes. Let's keep the politicians out of them." Of course, the word "politicians" in the context in which it was used carried all of its sinister implications. Honourable senators, I do not propose to embark upon a defence of the actions and motives of people in public life in this country, but I do point out that it was the initiative and perseverance of the Mayor of Montreal,

Mr. Drapeau, which won the Games for Canada. Their success is another of his achievements. And no one will deny that he is a politician.

● (1430)

When rising costs threatened the whole structure of the event, another politician, the Honourable Robert Bourassa, the Premier of Quebec, took his courage in his hands and underwrote the financial commitments that had been made. He, too, deserves commendation for deciding that the project, as a project in Canada, should not fail at that late date.

There is another politician, Dr. Victor Goldbloom, who is not talked about very much. He is the Quebec minister whose persistence and direction saw the enterprise through in the face of difficulty with supply personnel and public criticism, when the whole enterprise could have been wrecked. From the time Dr. Goldbloom took over, the ship remained on course, and he should be given credit.

At this stage, may I add that I thought about making these commendations several weeks ago, and I hope they will not be taken as part of the provincial election campaign in Quebec.

Senator Flynn: They would not be very useful, anyway.

Senator Connolly (Ottawa West): Not very much, either for you or for me.

What about soaring costs and the financial crisis? For these, the politicians will answer to their electors. This is the responsible course, and I am sure they are content to comply. There is security, I suppose, for the spending in some of the impressive and valuable real estate that is now in place in Montreal and elsewhere. There is a social advantage, too, in the architecture and the useful public facilities—the Stadium, the Velodrome and the other installations. A great city and great sports centre like Montreal will, I am sure, through the years be able to use them to great advantage.

Everyone who watched the Games on television was struck by the superb coverage provided by the CBC. The selection of events, the commentators, the transmission in both Canada and abroad, were of the highest order.

For the Canadian Olympic Committee and the International Olympic Committee there is, and should be, great acclaim. The incredibly complicated schedule of events, with participants speaking every language under the sun, was carried out with precision and without delay.

One must surmise, too, that the facilities for the events which were staged were as good as they could be. When so many records, both Olympic records and world records, were broken, not only must one admire the athletes who performed these incredible feats, but also the people who designed and installed the facilities where they performed.

Just recently the International Olympic Committee, meeting, I think, in Geneva, expressed some criticism of the heavy security that was provided in Montreal. I do not accept this complaint. After what had happened in Munich and in Mexico, the Olympics were on trial. Had there been a single killing in Canada, the Olympic structure would have been threatened for all time, and, in my opinion, if one killing was prevented the security provided justified itself.

Let me speak briefly about the Games themselves. The youth of the world may be getting older, but they are getting better. Never have so many records been broken in a single Olympic meet. Never has the competition been as keen. It is worthwhile to remark that there would appear to be much more satisfaction for the athletes and for their countries in participating in athletic training and competition than being involved in military posturing. One can only hope that in this respect the Olympic ideal will prevail.

What, then, of the participants, the athletes who were in the Games? What names emerge? The list is very long and the names will become, perhaps are, illustrious.

There was Comanechi, the Rumanian gymnast. She had the grace of a ballerina, the virtuosity of a violinist, and when she was motionless she looked like a Dresden doll.

There was the great Italian diver, Dibiasi, who had won the gold medal on two previous Olympic occasions, and who won it again this time.

There was Juantorena, the Cuban runner, who made older fellows like myself think of the great thrill we got when Percy Williams won the 100-metre dash many years ago.

There was the 30-year old Polish mother, Szewinska, who won the 400-metre race, not only in Olympic record time but in world record time, and who has won on two other Olympic occasions.

There was the great young East German swimmer, Ender, who won four gold medals, two of them within a space of 27 minutes.

There was Alexeyev, the Russian weightlifter, probably the strongest and perhaps the biggest man in the world.

There was Naber, the United States swimmer. He did not win seven medals, as Spitz did at Munich, but he did win four medals, and that is a tremendous achievement.

There was Drut, the French hurdler, who astounded the 75,000 people in the Olympic stadium.

There was Viren, the new "Flying Fin", who reminded older viewers of the older "Flying Fin", Paavo Nurmi. Viren won gold medals in the 5,000 metres and the 10,000 metres, and was fifth in the marathon, although he had never run the marathon before, and he did this two days after he won his second gold medal.

Honourable senators, it is misleading to single out winners, and it is equally misleading to single out so few. However, I do think that when Jenner, the young Californian decathlon champion, trotted around the Olympic stadium after his last event, and after compiling the highest score ever in the decathlon—that most exacting series of tests that continued over two days—75,000 people in the stadium knew they were looking at the best athlete in the world. I do not suppose there was ever an acclamation at the ancient Olympics in Greece, or a Roman triumph, comparable to what he received that afternoon—and deservedly.

• (1440)

For Canada there were no gold medals, but Joy, Wood and Vaillancourt produced silver medals and great enthusiasm for the work of themselves and the other members of the Canadian team. Bronze medals were also won by Canadians.

It was encouraging for me, at least, to see the Canadian basketball team do so well. I was most impressed with the performance of the young man who was coaching them, Mr. Jack Donohue. There is evidence now that athletic programs in Canada are bearing some fruit, and perhaps the Canadian basketball team was a good example of that, but there was fruit borne in many other areas. Perhaps some elements of the East German program, which appears to be very good, can be looked at by those who design the Canadian programs.

Honourable senators, I have finished. We talk about our national unity and we complain about our divisions. In my opinion, an achievement such as the successful staging of the Olympic Games in Canada stirs the pride of every Canadian in his country and in his fellow Canadians. Each of us is bound to be quietly gratified by this great achievement which we have accomplished together. We know that we are strong. We know that we are good. We realize that together we can do great things. That realization does something for us as a people and as a nation. It may do more than many speeches and it may even in a crisis override many of our problems.

Hon. Senators: Hear, hear.

Senator Greene: Would the honourable senator permit a question? I noted in his excellent speech with reference to the Olympics that he failed to mention the contribution of that favourite Canadian whipping boy, the Canadian Broadcasting Corporation.

Senator Croll: He did mention it.

Senator Greene: Excuse me; I must have missed that.

Senator Connolly: It is certainly worth pointing up. The two weeks of the Olympics began a few days after we adjourned. I went to the country and thought I would do the things that one does in the country. But instead I watched the Olympics on television. I watched the American as well as the Canadian productions, and the CBC was simply magnificent. In my opinion they did a tremendous job, not only in Canada but with respect to the facilities they had for broadcasting and transmitting these pictures to so many parts of the world. Senator Davey can tell you more about this. With respect to the selection of the events, I think it was much easier to be sitting at Meach Lake watching the Olympics on television than to be in Montreal attending the events, although it would have been wonderful to have seen them. However, in my opinion, once in a while we should sit back and have a look, and in this case the CBC comes out as a great winner.

Hon. Senators: Hear, hear.

On motion of Senator Rowe, debate adjourned.

MANPOWER AND IMMIGRATION

REPORT OF NATIONAL FINANCE COMMITTEE ON MANPOWER DIVISION—DEBATE ADJOURNED

Hon. Douglas D. Everett rose pursuant to notice of October 19, 1976:

> That he will call the attention of the Senate to the report of the Standing Senate Committee on National Finance, appointed in the last session of Parliament and authorized in that session to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ended the 31st March, 1975, tabled in the Senate on Tuesday, 19th October 1976.

He said: Honourable senators, the inquiry that stands in my name concerns the recent report of the Standing Senate Committee on National Finance on the subject of Canada Manpower. Because the report was published during the recess it was necessary for the leader, through Senator Petten, to table it last night and, under the rules of the Senate, we can only debate it by way of an inquiry. So, in effect, we are discussing the recently published report of the Standing Senate Committee on National Finance on Canada Manpower.

The rules of the Senate require the Finance Committee to deal with matters relating to federal estimates, including national accounts, the report of the Auditor General and government finance. The methodology of a few years ago was for the committee to take a general look at the main estimates and their effect on the economy in a rather few hearings over a period of some three or four weeks. In addition to that, the committee looked at supplementary estimates when they were referred to it by the Senate. The problem with that sort of global examination is that when total government spending estimates exceed $40 billion it is at best frustrating to the members of the committee, because they cannot wrap their minds and abilities around spending of that magnitude, and spread over a large number of departments. It is difficult, in those circumstances and with that type of examination, for the committee to be effective and, indeed, it tends to duplicate the work done in the other place on the spending estimates.

The question then becomes: Is there a better way of doing it? We think there is, and that the best way of doing it is to make an intensive examination of a government department or a government program that goes to the root of the policy and the way in which a particular department implements it. We think this is the route that should be taken, because then the unique abilities of the Senate are brought into play. The Senate is in the position of being able to take a long-term view, rather than the day-to-day view that is often taken by the other place. The examination is conducted in a considerably less partisan atmosphere, and the abilities and experience of senators are unique for this type of inquiry.

It is interesting to note that this is not done by any other part of government. The Cabinet, of course, is intimately involved in the budget process, especially through its Committee on Planning and Priorities, but it does not make an

examination of ongoing programs. There is a proposal for the Privy Council Office to make a series of examinations of ongoing programs for Cabinet study, but this has not yet been implemented, and I wonder if it really can be implemented. Cabinet ministers are not people with a great deal of time on their hands, and if they are going to take a long-term interest in anything it would be with respect to legislation of a future nature, rather than examining programs that already exist.

The Treasury Board, strangely enough, does not do this, but deals with budget A and budget B. Budget A is a list of the ongoing programs and additions thereto. Budget B, on the other hand, deals with new programs and major alterations to existing programs. The Treasury Board examines only budget B, and it exercises control over spending in two ways. It says to a department, "If you want new programs under budget B, then you had better find the money by reducing budget A." Alternatively, it says, "If you want money, you had better reduce your real spending." Either way, the department decides what is to be cut in the ongoing programs. This means that the cut is confined to that particular department, and there is no outside look at the ongoing programs to see which should be amended, reduced or abolished.

● (1450)

The House of Commons, in its case, looks at the estimates, and refers the estimates of each department to the appropriate committee, which hears evidence on those departments. The problem in the House of Commons, of course, is that the examination is a highly partisan process, and making a general examination, such as they do in a partisan atmosphere and being constrained by time, does not get at the root problem of the policy and implementation of policy in ongoing programs.

One might ask, "Then what about the Auditor General?" The Auditor General, under his mandate, can comment on how government policies are carried out, but he is discouraged from commenting on whether those policies are right or wrong. It is true that the independent review committee made a cautious recommendation—an extremely cautious recommendation—that perhaps the Auditor General might take a little more interest in policy, but I question very much whether the Auditor General would take a strong position in that element of examining government programs.

Therefore, I suggest that here is a unique opportunity for the Senate. We are in a position to make a detailed examination of a department or program. We can see how policies which are in place have been implemented, and we can examine them to see if they are the correct ones for the people of Canada. It seems to me that all this has pointed the way to a meaningful job for the Senate Finance Committee, which is, as I have said, to make a detailed examination of departments or programs going to the root of the policy itself and how it is implemented.

In addition, there is our annual study of the main estimates, and of their effect on the economy; and, of course, from time to time, a study of the supplementary estimates when they are referred to the committee.

The committee has been moving in that direction over a number of years. In 1971 it undertook the study which resulted in the report entitled *Growth, Employment and Price Stability*, a major study of the Canadian economy in which we invited outstanding witnesses from Canada and throughout the world to give us the benefit of their knowledge on how the Canadian economy operates and should operate. It is still one of the definitive texts on the operation of the Canadian economy, and made a number of departures from the conventional wisdom of the day—departures which have become accepted today.

It suggested that the then norm of full employment being set at 3 per cent unemployment was no longer valid and that, in fact, full employment meant considerably higher than 3 per cent unemployment. This freed the economic planners from the concept that they had to get to 3 per cent unemployment, which caused the economy to overheat.

We took a strong position against the concept of zero growth, which was then very popular and pressed by the Club of Rome, which has since taken a position not wholly dissimilar from the position taken in the Senate report.

We suggested a gradualism in the application of fiscal and monetary policy as opposed to the then popular counter-cyclical policy. The concept of gradualism envisaged in the report, *Growth, Employment and Price Stability*, has been accepted in the United States and in many other countries.

In 1974 we made an examination of Information Canada. It was our first experiment in trying to discover whether or not the committee could take an intensive look at a program or department. We chose Information Canada because of its size. At that time its budget was $10 million, of which $4 million was recovered from its book operations.

It turned out to be not a study of Information Canada but a study of government information services, which we would presently estimate to cost in the neighbourhood of $200 to $300 million per year. They were not under the control of the Treasury Board but of the individual departments, and were subject to an incredible amount of waste and duplication.

We made suggestions in that report as to the proper control of those expenditures. We suggested also a detailed inquiry system which would allow any Canadian throughout the nation to telephone for information on government programs, and detailed how it could be done at no cost to the citizen and at a total cost to the government of $670,000 per year. We brought to light the exorbitant rentals being paid by Information Canada for its book stores throughout the country.

Our final report, and the one we are dealing with today, is on Canada Manpower. It is our first attempt at trying to examine a major department in detail. Canada Manpower, in the year under examination, spent $655 million. It was the fourth largest program in government.

The question was: Could the Senate committee, with a small staff, answer the question of whether, for an expenditure of $655 million, the Canadian taxpayer was getting value for his

money. I would suggest, honourable senators, that the answer is an unqualified yes.

I stated that the committee was assisted by a small staff. I should like to say a word or two about that staff, because a competent staff, albeit it small, is essential to the success of this committee and many other Senate committees. The resources of government departments are extremely large, and therefore we have to have a competent staff who know the questions which have to be asked and, most essentially, can get the cooperation of the department, which we have been able to do.

Therefore I should like to pay tribute, on behalf of the committee, to the Parliamentary Centre and Mr. Peter Dobell, and most especially to Mrs. Helen Small; to the Parliamentary Library for lending us Mrs. Barbara Reynolds as our research assistant; to our administrator, Greg Cocks; to the Committees Branch, and to the staff of the Senate generally, for all the assistance they have given us. Also, of course, I should personally like to thank the members of the committee for the prodigious amount of work they did.

● (1500)

In looking at the report on Canada Manpower, you will see that it is based on a number of hearings, submissions, investigations by the staff and visits—numerous visits—to Canada Manpower centres and training institutions made by members of the committee. One of the hallmarks of this report is that it contains a comprehensive description of the way in which the department operates. If you have never been exposed to the operations of Canada Manpower, you can read this report and understand immediately how it operates, how it is doing its job and how it could do its job better.

There are three sets of major recommendations in the report, and the first one is that Canada Manpower should not operate like a private employment agency. It is in fact an *unemployment* agency. It is an unemployment agency for the reason that it cannot refuse to assist job seekers who want help. And it must by its mandate fill vacancies from the job seekers who are registered with it. That means that, unlike a private employment agency, it cannot go out and hire somebody who has a job and who is not registered with the agency.

Now, regrettably, employers have been led to believe otherwise; they have been led to believe that there is very little difference between a private agency and Canada Manpower. The result is that when, as often happens, Canada Manpower sends the employer a less than qualified applicant, and this happens half a dozen or a dozen times, the employer eventually gives up listing his employment vacancies with Canada Manpower, or he lists only the low-paying jobs. The result is that Canada Manpower is caught in a vicious cycle. Employers have generally lost confidence that Canada Manpower can handle other than the low paying jobs, and, of course, qualified employees begin to get the idea that Canada Manpower is not the place to go because the good jobs are not listed there.

Our recommendations are along these lines: we say that Canada Manpower, first of all, must level with the employers and explain to them that their main obligation is to the unemployed job seeker, and that it is from Canada Manpower that the employers' job vacancies are going to be filled. In addition to that, Canada Manpower must fully understand the employers' job requirements so that they will know that the person they refer is qualified to fill those job requirements. If the person is underqualified, then they must inform the employer that they are sending an underqualified person, and in those circumstances they must seek the help of the employer in taking an underqualified person, even if it means they have to offer the employer training assistance to bring the qualifications of that job seeker up to the employer's level. We believe, and with some justification, that employers would cooperate in this type of request, that as a result the distrust that exists between employers and Canada Manpower would disappear, and that Canada Manpower would then be able to do a much more effective job on behalf of unemployed job seekers.

The second area of recommendation is in the field of training activities. Out of the $655 million spent annually by Canada Manpower, $418 million is spent in training. We believe that that training should be more related to the job market as it exists today and to the job market which will exist in the future. Therefore, we say that the Manpower Department, the manpower needs committees and the provincial community colleges must be aware of and must offer training courses that are more relevant to the job market, and Canada Manpower must step up research in the future requirements of the job market. We go further than that and say that Canada Manpower should introduce competition for the training dollar.

The bulk of skilled training is given by the provincial community colleges, and I think some of their courses are excellent. But you do not have to talk to very many businessmen to realize that there is a theoretical quality about the training given by provincial community colleges, and that very often graduates who come to a business environment require a considerable amount of additional training to fit them for the job. We suggest, therefore, that there should be more training in the industrial environment and less in the theoretical environment of the provincial community colleges, because we think that industrial training is more practical, and, because a lot of the capital needs are in place, it would be less costly. So we suggest that more dollars be directed towards industry in order to train for their own staff requirements.

However, we go even further and suggest that industry should be encouraged to develop skill training courses which they would offer to Canada Manpower on a competitive tender basis and in competition with the courses offered by the provincial community colleges. We think that as a result Canada Manpower would get a great deal more for its training dollar, because it would have a comparison between the course offered by industry and the course offered by provincial community colleges, and also because the provincial community colleges for the first time would realize that there was competition for the courses and that, as competition always does, would improve the quality of the courses and lower the cost.

To our amazement, when we got into training we found that out of the $418 million spent annually on training, $100 million was spent on up-grading basic educational qualifications so that the people involved could take skill courses. Now, it might be said that that must be because of immigration; it must be because of teaching people language, and so on. Not so. Three out of four of the people who required an up-grading of basic educational qualifications were Canadian born. In other words, the federal government is spending $75 million a year on Canadians, and $25 million a year on immigrants, in this respect, and is thus basically taking over a provincial responsibility, and coping with a failure of the provinces to educate people properly. So we recommend that this area be the subject of intense negotiation between the federal government and the provinces.

● (1510)

The committee also recommends that training expenditures be brought under strict parliamentary control, and if there is to be any increase it should be fully justified to Parliament, and that Parliament take the attitude that Canada Manpower should first see whether, through industrial training or through competition for the training dollar, we can get a lot more for our expenditures.

Finally, in the major recommendations, we look at the assistance that Canada Manpower gives to the disadvantaged to obtain employment. Over $260 million was expended on clients below the poverty line. No one would argue that aid should not be given to the disadvantaged, but we say that Canada Manpower must not lose sight of its core function, which is to find jobs for unemployed job seekers who have registered with Canada Manpower and who are job-ready or can be made job-ready through the normal placement training and counselling functions of Canada Manpower. What we found was a tendency for Canada Manpower to move into the welfare field. We have noticed this when we have looked at other government departments. So we say to Canada Manpower, "Look, we realize that people who require welfare assistance are going to come to you, but your job is confined to placement, to counselling and to training. Stop getting into the welfare field. If people require welfare assistance, refer them to the existing agencies that can do the job."

In this regard we noticed that one of the criteria for hiring manpower counsellors was that they should have a social-worker background. Obviously, if you hire people who think in those terms, they will tend to move policy that way. So we make a strong suggestion that, in hiring placement officers, Canada Manpower not hire people with a social-welfare background but rather people who have work experience, especially in the lines for which they will be placement officers.

There are other recommendations on areas like private agencies, the mandatory listing of jobs, the temporary help field, job creation and evaluation programs, but I leave it to honourable senators to read the report rather than take up their valuable time now. I should, however, like to mention some of the reactions to the report, because they are really what are important.

How was the report received by the government, the public and the department? Well, first of all, the then Minister of Manpower and Immigration, the Honourable Robert Andras, issued a statement which I should like to refer to:

> The Report on Canada Manpower by the Standing Senate Committee on National Finance is a straightforward, constructive document that will be immensely helpful to us in our efforts to provide Canadians with a better, more effective Manpower service.

Mr. Andras said he was grateful to the committee for pointing out areas where changes and improvements were indicated, and added:

> I consider the committee's criticisms to be very helpful and constructive . . . I don't feel that the report is in any sense an attack or an indictment. The members of the Committee have called the shots the way they saw them, and that is bound to be helpful to us. I am grateful to them for the time and effort they have expended in their study, and for the frankness and honesty they have shown in their Report.

Mr. Andras also said that he and his officials would be studying the report carefully, and implementing its many worthwhile suggestions as quickly as possible. He hoped employers, unions and others responsible for labour market activities would do likewise.

Senator Rowe: Could you tell us the date of that statement, Senator Everett?

Senator Everett: September 18, 1976, Senator Rowe.

That is the reaction of the minister, but what of the reaction of the department? Well, the report has been sent to every Canada Manpower centre in Canada. This week there is a meeting in Ottawa of all Canada Manpower senior management people from across the country, and the report is a major item on their agenda.

What of the editorial comments? This is from the Winnipeg *Tribune*:

> The Senate committee has shown outstanding ability to penetrate the bureaucratic maze in Ottawa and to come up with strong and clear cost-benefit studies of the operations of some of the government departments.

Margaret Piton, F. P. Publications, Ottawa Bureau:

> The Senate Committee report makes a number of useful recommendations for improving the operation of the Manpower program.

Charles Lynch:

> Senate Committee reports usually wind up on the shelves but if the government could get its mind away from its other problems for a moment, this report deserves attention.

The Winnipeg *Free Press:*

> The recommendations regarding the operations of Canada Manpower put forward this week by the Senate's Standing Committee on National Finance are as pertinent, logical and as easily understood as those it put

forward regarding Information Canada more than two years ago.

The Senate Report on Manpower represents a thoughtful, non-partisan look at the problems of this government department and offers some solutions to these problems which should be carefully considered.

The Toronto *Globe and Mail:*

It is clear in which direction the changes should go and the senators have given a useful push that way.

The Calgary *Albertan:*

The Senate Finance Committee in its latest careful study has addressed itself to the basic question: whether at $550 million, the sum requested for the operation of the Manpower Division for the year under review, Canadian taxpayers are receiving the full value for their money?

This is not only the proper question, it is one that ought to be posed with respect to other very expensive programs.

The Saint John *Telegraph-Journal:*

A word about the Senate Committee. Its membership of 21 includes a formidable array of administrative, business and academic talent and experience, including no fewer that four former provincial premiers, Smith and Hicks of Nova Scotia, Robichaud of New Brunswick and Manning of Alberta.

The *Financial Post:*

Its recommendations, based on a year-long evaluation of Canada Manpower, offer hope of closer cooperation between the employment service and the private sector.

The report includes several proposals that newly-appointed Manpower Minister J. S. Cullen may wish to heed.

Those are only examples of the reaction of the newspapers, which was complemented by an equal reaction on radio and on television.

What follow-up procedures do we have, having created this interest, because the one question we are constantly asked is: Will the report be implemented? We have developed procedures to help the process. First, we have invited the minister to come before the commitee in order to comment on the report, and to tell us where he agrees, and where he disagrees, with it. Secondly, from time to time we propose to review the recommendations which have been agreed to and, from an examination of the estimates and government department activities, determine whether those recommendations have been implemented. We will also ask the department to appear before the committee to describe the action that has been taken.

In closing, honourable senators—and I apologize for taking up so much of your time—the question I should like to pose is this: What is the worth of the work of the Senate Finance Committee? I suggest to you that it is worthwhile work. It is work that is not done anywhere else in government. It gives the public an input into the policy and operation of government programs and departments. It gives the department a comparative standard on which its officials can judge their performance against a non-partisan independent review. It is of assistance to the minister, especially in the case of a new minister, who, after all, on taking over a portfolio, has to obtain his knowledge about the department in question from the people who have been running it.

● (1520)

In this instance, the Honourable Jack Cullen, for the first time, will have a comprehensive report on the operations of the department, the policies of the department as well as the carrying out thereof, and a set of recommendations that he can make use of in his discussions with departmental officials in an effort to arrive at the type of policies that would be best for the department.

Finally, in such undertakings we are helping to make government more efficient, and that is one thing that you can be sure the public wants, and for which the Senate will get immeasurable public support.

Honourable senators, I have spent the last half an hour or so blowing the bugle of the National Finance Committee, and for that I apologize. I did so because I think we are performing a worthwhile task, and we can only continue it while we have the support of honourable senators and the government. I suggest to you that this is crucially important to the public of Canada and to the Senate of Canada.

Senator Rowe: Honourable senators, I wonder if I might ask a question of Senator Everett. Before doing so, I should like to take this opportunity to congratulate him on a magnificent presentation—one of the finest, in my view, that I have heard in my five years in this chamber.

The honourable senator made reference to information services during the course of his presentation. As he will recall, I had the privilege of serving on the National Finance Committee during the time of its inquiry into Information Canada, and I was appalled, as were other members of the committee—and I use the word "appalled" deliberately—at the duplication in the field of government information.

I understand that the government has now abolished all of the Information Canada outlets across Canada. My question is whether that decision was announced prior to the receipt of the report of the National Finance Committee on Information Canada, in which some of the government's information services were criticized?

Senator Everett: I thank the honourable senator for his generous compliment. I hold him in high regard and his compliment means a great deal to me.

In answer to his question, Information Canada was abolished after the report of the National Finance Committee was issued.

Senator Flynn: Long after.

Senator Everett: Well, not that long.

Hon. George I. Smith: Honourable senators, as a member of that committee, perhaps I might be permitted to make a few remarks in relation to the report, and in relation also to what Senator Everett has so clearly and eloquently put before us in the last little while. I would not venture into doing so, as a very junior member of the committee, were it not for the fact that my colleague, Senator Grosart, who, for some time, has taken a great interest in the work of the National Finance Committee, is unable to be with us on this occasion. Therefore, it seems to me that, as a member of the chamber who sits on this side of the Chair, I might be permitted to say a word or two.

I hasten to add that I have not had the opportunity to discuss what I am about to say with my colleagues. Therefore, these must be taken simply as my own views on the matter—views, incidentally, which ought not be given too much weight because, as a member of the committee, as is the case with many other honourable senators, my attendance at its meetings was not as great as I would have liked because of the unfortunate conflict, which seems inevitable in the present structure, between the meetings of the committees and various other meetings which one must do one's best to attend.

I should like to begin what I hope will be very brief remarks by congratulating Senator Everett on two counts: first, his clear and eloquent presentation of the report and his views on it, to which we have just had the pleasure of listening and, secondly, on what I think was his initiative, primarily, in directing the attention of the committee to some specific activity of government rather than trying to take an overview of all the vast machinations in which any government must, of necessity, engage.

I thank him for his reference to the activities, in a former sphere of work, of four of us. While that does not particularly qualify me to deal with federal matters, it does enable me to agree with him, on the basis of what I think is some experience, that the examination by a committee of the financing activities of government can only be productive if it zeros in on some particular type of activity, and following that through until it is satisfied it fully understands the general principles on which it operates, the details of the operation, and the efficiency with which it is carried on. Therefore, I support vigorously the view that rather than attempting to wrestle with the great volume of figures relating to the financing by the government of this country, given the relatively short time that is available to such a committee, it is far more useful to the country for that committee to take, as the committee did in this instance, one segment and examine it carefully, thoroughly, exercising all of the great authority that such a committee has to bring before it the people who can contribute, through their experience and technical training, to the knowledge of the committee. This enables it to understand—and the committee in this instance understands very well—the reasons for a particular policy, the way in which that policy is carried out, the efficiency with which the public's money is spent to carry it out, and whether the way in which that is done merits the continuance of the expenditure of large amounts of money for such a policy.

If I may digress for a moment, it is a custom of governments in most places—certainly in the places to which I am accustomed, in any event—to do what the honourable sentor said, and that is to take existing expenditures for granted, with the only decision being as to what to add to them. That, to some extent, is setting the seal of approval on the way in which the money was spent last year, and seems to suggest: "That was necessary. What more can we do?"

• (1530)

I really do not think that this is a very satisfactory way of ensuring that every program of government is examined in a way calculated to find out whether it is well carried out or not. To make a thorough examination of the usefulness of expenditures, one should really start from scratch, or—as it is called, I think, by some experts—from zero, and make sure that those who are responsible for carrying out a particular program justify what they spent last year, and what they are doing now, instead of merely asking people to take what they are doing for granted, and allowing them to increase the amount by 6 per cent, 30 per cent, or some other percentage because they want to add another kind of program. I think the concept of taking things for granted and just asking for increases is far too prevalent, and is not a concept which ought to be accepted by governments. Indeed, it ought to be examined very carefully by this committee.

I believe the recommendations in this report are not only the result of a great deal of work, study and concentration, but are excellent recommendations, which, speaking purely personally, at any rate, I accept wholeheartedly. My limited experience with the committee has led me to believe that Senator Everett was quite correct and justified—I make only one exception which I will mention in a moment—when he said that there was little, if any, partisanship, and that the business of the committee was carried out in a genuine endeavour to get at the truth rather than to make political points either for or against a particular person, program or subject.

The one exception I have in mind is this: I did note, during my relatively restricted attendance at the committee meetings, that one or two members thought they had to be particularly helpful to the President of the Treasury Board when he came before the committee. I did not think he needed the help they gave him, and I did not think it was very effectively given.

I could not help but recall, if Senator Everett will permit a note of partisanship to creep in now, when he used the words "incredible waste of public money" in reference to the government information service, that just now we are experiencing the expenditure of something like $1.2 million of the taxpayers' money, with the object of convincing people that the activities of the AIB are satisfactory to Canadians. I think I could use the same words in respect of that expenditure that Senator Everett used in respect of the expenditure of the information service.

Undoubtedly the assistance rendered by the staff, by the Parliamentary Library and all the people to whom Senator Everett has referred was of a very high order. As a newcomer—and I suppose as time goes on I will have to stop using that

excuse—I have always been extremely impressed by the usefulness of the Parliamentary Library and its staff, and the effectiveness with which they respond to requests for help. "Usefulness" is not very eloquent word, but it is a good word to express what I mean in this connection. I speak here not merely of their services in relation to the work of this committee, but of my own personal experience of the library and its services.

Honourable senators, I think I have said enough to indicate that I personally think that the work of the committee, as illustrated by this report, is well justified. I think the chairman takes the right line when he says that we are not really able to make a thorough-going global examination of government expenditures, but that we are qualified and able to make a detailed examination of particular areas of expenditure. I believe—and I can say this, I think, with less chance of having the accusation of boastfulness levelled at me than most people, since, as I say, I was there only a relatively short time—that its activities as I observed them, and which have resulted in this report, were excellent, and made a very useful contribution to the effectiveness of government. I think one of the best things that can happen to a government department is to have this committee looking over its shoulder, and causing it to say to itself, "I wonder what that Senate committee will say about us?"

Senator Inman: Honourable senators, I wonder if Senator Everett would permit a question? What happens to people who refuse employment when positions are offered to them by Canada Manpower? I know that people who have applied to Manpower have refused to take the jobs they were offered.

Senator Everett: There is nothing Manpower can do if somebody who applies for a job is sent to a vacancy, and then decides it is a vacancy he or she does not want to fill. Manpower, of course, cannot force them to work. Manpower can only try to assist them with the facilities it has, and, if the problem is more deep-rooted, refer them to the appropriate welfare agency for whatever help is required. There are, however, increasingly heavy restrictions being imposed by the Unemployment Insurance Commission, so that if people persist in refusing to take jobs they can lose their entitlement to unemployment insurance. As the honourable senator knows, there has now been an amalgamation of the two departments. This sort of operation will continue, and I think the intensity of it will increase. It will, therefore, be increasingly difficult for those who do not want to work to draw unemployment insurance.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 21, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

SPEECH FROM THE THRONE

PRIVILEGE

Senator Connolly: Honourable senators, I rise on a point of personal privilege. Yesterday when I was speaking in this chamber I made a very serious omission from the remarks that I had intended to make. I did not acknowledge the work of the Leader of the Government and of the Leader of the Opposition in this chamber.

Hon. Senators: Hear, hear.

Senator Connolly: Of course, for any senator to do this is like cutting his life-line; it is insulting the boss, and I really thought that I should rise in my place today and make amends. I did intend to say, and I do say, now that I have been here for a great many years and have seen leaders come and go. We have two leaders in this house who are dedicated men. They take second rank to no one in the day-to-day work of the Senate.

Hon. Senators: Hear, hear.

Senator Connolly: If there is anything more to say it is this: as leaders they become over-exposed. There is really no cure for this. I recall that when I was the leader I got tired of hearing my own voice, but I do hope that the two leaders do not get themselves into that frame of mind.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of a document entitled "White Paper on the Revision of Canadian Banking Legislation, August, 1976," issued by the Minister of Finance.

Notice of Ways and Means Motion to amend the Customs Tariff, dated October 13, 1976, issued by the Department of Finance.

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 22 of the National Museums Act, Chapter N-12, R.S.C., 1970.

STANDING COMMITTEES

FIRST REPORT OF COMMITTEE OF SELECTION PRESENTED

Senator Petten presented the first report of the Committee of Selection:

Wednesday, October 20, 1976.

The Committee of Selection, appointed to nominate senators to serve on the several standing committees during the present session, makes its first report, as follows:—

Your committee has the honour to submit herewith the list of senators nominated by it to serve on each of the following standing committees, namely:

JOINT COMMITTEE ON THE LIBRARY OF PARLIAMENT

The Honourable the Speaker, the Honourable Senators Bélisle, Bell, Cameron, Choquette, Côté, Forsey, Fournier (*de Lanaudière*), Fournier (*Madawaska-Restigouche*), Hicks, Phillips, Riel, Rowe, Sullivan and Walker. (14)

JOINT COMMITTEE ON PRINTING OF PARLIAMENT

The Honourable Senators Bell, Bonnell, Choquette, Duggan, Eudes, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Greene, Haig, McGrand, Michaud, Neiman, Riley, Smith (*Colchester*), Walker and Williams. (16)

JOINT COMMITTEE ON RESTAURANT OF PARLIAMENT

The Honourable the Speaker, the Honourable Senators Bélisle, Carter, Forsey, Inman, Norrie and Quart. (6)

JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

The Honourable Senators Asselin, Forsey, Godfrey, Lafond, Riel, Riley and Yuzyk. (7)

THE COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Argue, Beaubien, Bourget, Choquette, Connolly (*Ottawa West*), Cook, Desruisseaux, Everett, *Flynn, Forsey, Fournier (*de Lanaudière*), Grosart, Lang, Langlois, Macdonald, McElman, Molgat, Molson, *Perreault, Smith (*Queens-Shelburne*) and Stanbury. (19)

* Ex officio members.

THE COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Argue, Basha, Beaubien, Bélisle, Benidickson, Bourget, Buckwold, Davey, *Flynn, Grosart, Laird, Langlois, Lapointe (*Speaker*), Lefrançois,

McDonald, McElman, McIlraith, Molson, *Perrault, Petten, Quart and Smith (*Queens-Shelburne*). (20)

* Ex officio members.

THE SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Asselin, Barrow, Bélisle, Cameron, Carter, Connolly (*Ottawa West*), Croll, *Flynn, Grosart, Hastings, Lafond, Laird, Lang, Macnaughton, McElman, McNamara, *Perrault, Rowe, Sparrow, Yuzyk and van Roggen. (19)

* Ex officio members.

THE SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Barrow, Benidickson, Carter, Côté, Croll, Desruisseaux, Everett, *Flynn, Giguère, Godfrey, Graham, Grosart, Hicks, Langlois, Manning, Molgat, Neiman, *Perrault, Robichaud, Smith (*Colchester*), Sparrow and Yuzyk. (20)

* Ex officio members.

THE SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Austin, Bonnell, Bourget, Burchill, Davey, Denis, Eudes, *Flynn, Forsey, Graham, Haig, Langlois, Lucier, Macdonald, McElman, Molgat, *Perrault, Petten, Riley, Smith (*Colchester*), Smith (*Queens-Shelburne*) and Sparrow. (20)

* Ex officio members.

THE SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Asselin, Buckwold, Choquette, Croll, Eudes, *Flynn, Godfrey, Goldenberg, Hastings, Hayden, Laird, Lang, Langlois, McGrand, McIlraith, Neiman, *Perrault, Riel, Robichaud, Smith (*Colchester*) and Walker. (19)

* Ex officio members.

THE SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Austin, Barrow, Beaubien, Buckwold, Connolly (*Ottawa West*), Cook, Desruisseaux, *Flynn, Haig, Hayden, Hays, Lafond, Laird, Lang, Macnaughton, Manning, McIlraith, Molson, *Perrault, Smith (*Colchester*), Sullivan and Walker. (20)

* Ex officio members.

THE SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE

The Honourable Senators Argue, Blois, Bonnell, Bourget, Cameron, Carter, Croll, Denis, *Flynn, Fournier (*de Lanaudière*), Inman, Lamontagne, Langlois, Macdonald, McElman, McGrand, Neiman, Norrie, *Perrault, Phillips, Smith (*Queens-Shelburne*) and Sullivan. (20)

* Ex officio members.

THE SENATE COMMITTEE ON AGRICULTURE

The Honourable Senators Argue, Blois, Côté, *Flynn, Fournier (*Restigouche-Gloucester*), Greene, Haig, Hays, Inman, Lafond, Macdonald, McDonald, McGrand, McNamara, Michaud, Molgat, Norrie, *Perrault, Sparrow, Williams and Yuzyk. (19)

All which is respectfully submitted.

William J. Petten,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Petten: Honourable senators, with leave of the Senate, I move, seconded by Senator Macdonald, that the report be now adopted.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Next sitting.

Senator Smith (Queens-Shelburne): Next sitting.

Senator Petten moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, October 26, at 8 o'clock in the evening.

Before the question is put, honourable senators, I should like to give you a brief summary of the work for the coming week.

In the chamber we shall continue with the Throne Speech debate and the debate on Senator Everett's inquiry calling the attention of the Senate to the report of the Standing Senate Committee on National Finance, appointed in the last session, on the estimates for the fiscal year ending March 31, 1975, of the Manpower Division of the Department of Manpower and Immigration. Furthermore, it is hoped that we will have some legislation for introduction in the first instance in the Senate.

Upon the adoption of the report of the Committee of Selection, organization meetings will be called so that the chairmen may be chosen for the various standing committees of the Senate.

Senator Flynn: Can the deputy leader be more precise as to the kind of legislation that will be coming to us either from the other place or for initiation here?

Senator Langlois: I am sorry but I cannot give details yet of the legislation that might be coming to us.

Senator Flynn: Is there any possibility that the Senate will be recalled to deal with emergency legislation with regard to the strike of dockworkers at the Port of Halifax?

Senator Langlois: That possibility is not foreseen as yet.

Motion agreed to.

PUBLIC WORKS

RENOVATION OF LANGEVIN BUILDING—QUESTION

Senator Molson: Honourable senators, on June 22 last I asked the Leader of the Government a question about the renovation of the Langevin Building. So far as I am aware that question has not been answered. Now that we are in a new session, I would ask the honourable leader if he would mind getting the information so that the question can be answered in due course.

Senator Perrault: Honourable senators, I shall certainly ascertain the status of that inquiry, and the honourable senator's question will be answered as soon as possible.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply thereto.

Hon. Frederick William Rowe: Honourable senators, I should like at the outset to offer my congratulations to our new senator who moved this motion, a man who will go down in history as having the distinction of being the first senatorial representative from the great territory which we know as the Yukon. I should also like to extend my congratulations to Senator Barrow, who is such an able representative of his native province of Nova Scotia, and, indeed, of eastern Canada in general.

May I also follow the precedent set by Senator Connolly (Ottawa West) and express to you, Madam Speaker, our sense—and I say "our" because I am sure all my colleagues concur in this—our sense of appreciation of the role you have played since you assumed the office of Speaker in this historic chamber, and our very best wishes for your continued success in that office.

● (1410)

At this point I should also like to pay tribute to the late Senator Prowse. Because there were so many other senators who had more claim on the time available, I did not pay tribute at that point when the demise of our late beloved—and I use the word "beloved" deliberately—our late beloved Senator Harper Prowse was mentioned in this chamber. I should now like to say that when I first came to this chamber five years ago, and was seated just a few seats away from Senator Prowse, he was one of the first senators to go out of his way to make me, a newcomer, one unversed in the ways, and ignorant of the procedures, of the Senate, feel that I was indeed part of a family. His death is a great loss to this Senate and a great loss to Canada. It has been said here already, but it bears repeating, that having lost him we have lost not only a distinguished Canadian but one who was an adornment to this body.

In the course of his remarks, Senator Connolly (Ottawa West) paid what I consider to be deserved tribute to the Canadian Broadcasting Corporation for its work in covering the Olympics in Montreal during the past summer. Every fair-minded person who followed, as I did, the Olympics on television, must, I think, agree with Senator Connolly there. It is appropriate that someone of Senator Connolly's stature has made a public statement on the matter.

In light of that, I should now like to commend another crown corporation, Air Canada. By their very nature crown corporations are subject to attack by the public using their services. Sometimes the attacks are justified; sometimes they are not. I myself have been quite critical at times of the services of Air Canada. Because I spend many hours travelling, as do a number of senators, I find that my sense of well-being is greatly enhanced if the services I receive at the hands of the officials of Air Canada are good; and I find it quite the contrary, if they are bad. Certainly, there have been times when complaints voiced here have been quite legitimate. But I wish to state unequivocally now that, in my view, speaking only of Air Canada's services in eastern Canada—I have not been west of Toronto in the last year or so—the service from Ottawa to St. John's, Newfoundland, has improved vastly over the past year. I do not know where responsibility for this lies; perhaps it is attributable to the whole administration of Air Canada, or perhaps to the fairly recently appointed president. In any event, someone deserves a measure of credit, because there has been a marked improvement. And just to make sure that my impressions were not purely subjective, I checked with a number of my colleagues who use the same services, and, without exception, they agree with me that there has been this improvement. I am happy, therefore, to be able to make a public statement to that effect at this time.

Honourable senators, it is not my intention to discuss the Throne Speech itself in any detail at all.

Senator Flynn: You cannot speak about the Throne Speech in detail, because it contains no details.

Senator Rowe: My honourable friend may be correct, to some extent, in that respect; perhaps there may be some justification, some rationalization for that. We are living in difficult times. I suppose that can be said of any period in history, but I think it is true that these times, whatever the reasons, are more difficult, more complex, more complicated than were bygone eras. All over the world, especially all over the democratic world, administrations are being shaken; governments are having to take measures which are unpopular. They are damned if they do and damned if they don't. That is true of Canada, but certainly it is not confined to Canada. We only need to look at what happened in Sweden a few weeks ago. We only need—

Senator Greene: It was so bad the Tories got in.

Senator Flynn: They are a wise lot. They knew what to do.

Senator Rowe: We only need to look at what happened in Italy or in Germany in recent days, and at what appears to be happening, or is likely to happen, in England where, certainly, the administration is on shaky ground. Demands are being made from many quarters in England for a composite government to be set up in an effort to deal with the critical situations affecting that country. Another example is the situation in the United States. No one knows, I suppose, what will be the result of the upcoming election in that country, but no one, certainly, would want to bet any great amount of money that the present administration will not be removed from office.

So, we have this turbulence, this turmoil, at the political level, and it is merely a manifestation, of course, of the turmoil at the economic and social levels, and it is just as true here in Canada as it is in other democratic countries and under other democratically elected administrations.

I do not think I can be accused of having been unduly partisan during the five years I have been a member of this chamber. I am a Liberal. I make no bones about that. I am a Liberal by philosophy, by ideology. I grew up that way, and I certainly do not mean that entirely in the sense of the capital "L" liberal.

Senator Flynn: There are very few of you.

Senator Rowe: Having said that, no one, I repeat, can accuse me of having been unduly partisan during my years in the Senate. Nevertheless, I want to say now that as a Canadian I feel we are very fortunate in having, as the head of the administration in Canada, a man who has refused to panic, a man who has faced up to these crises that are confronting us, and while we may not agree with all the measures that his administration has been responsible for, at least we can attest to his courage. I am very happy, as a Canadian, that at this time we have a man possessing those characteristics heading up the administration of this country.

Some Hon. Senators: Hear, hear.

Senator Greene: A non-partisan statement.

Senator Rowe: I do not apologize for making that statement at all.

Senator Smith (Colchester): He is a vanishing breed.

Senator Rowe: In making reference to the administration, may I also express, as a Newfoundlander—and here I know I am echoing the sentiment of all Newfoundlanders—our gratification at the recent appointment of Newfoundland's representative in the federal cabinet to the important post of Secretary of State for External Affairs. Those of us who know and have known Mr. Jamieson, as I have, ever since he was a boy, who know his background and who have followed the extraordinary career of this man, whose father died when he was only a boy, and who as a boy had to take on family responsibilities, are very proud to see how much he has accomplished, and what a splendid name he has made for himself, not only in Newfoundland but in Canada as a whole. We are all familiar with his great ability to communicate, and with another characteristic that Newfoundlanders know better than other Canadians do, namely, his tremendous ability to grasp and comprehend. I predict that, in spite of the difficulties of the times, Canada will have a good spokesman vis-à-vis the rest of the world in the person of the Honourable Don Jamieson.

• (1420)

I said just now that Canada has many problems; indeed, the problems she faces are greater and more complex than perhaps at any time in her history. The very existence of these problems, and the very existence of the complaints we are making and the dissatisfaction we are expressing, may lead us to forget another fact, on the other side of the ledger, which has been borne in on me and impressed upon me more and more frequently in recent years as I have done a fair amount of travelling in other countries of the world. I refer now to the fact that there are millions, tens of millions, perhaps hundreds of millions of people who, given the choice today to select any country of the 140-odd on the face of this earth to which they could emigrate, would select Canada as their first choice.

Senator Perrault: Hear, hear.

Senator Rowe: There has to be a reason for this. Why is it that, given a choice, the people of Pakistan, of Sri Lanka, of the Caribbean, would opt for Canada? It is surely not our climate.

Senator Flynn: It is certainly not our government, either.

Senator Rowe: But there must be some reason for it, and I believe the reason is that it has become part of the folklore of these countries that Canada is a desirable place in which to live. Speaking personally—and I am sure in saying this I echo the feelings of the other 22½ million Canadians—I have no desire to live in any country other than Canada on a permanent basis, and this is not in any way derogatory of any other country.

I mentioned the millions who would like to come here. We are already receiving a great many, and perhaps the time will come on another occasion when I can elaborate on the problems that are inherent in that very fact. We 22½ million Canadians occupy the second largest country, geographically, on the face of the earth. It is a country with tremendous resources, a country that is relatively unpopulated, and we cannot expect to go on enjoying the physical advantages that are present here in such abundance without being called upon to share them with the disadvantaged peoples of the world. This idea, of course, finds expression in their desire to emigrate from those disadvantaged and over-populated countries to a country like Canada. We have a moral responsibility—and I would suggest that the dictates of common sense would tell us that this is so—to accept, in so far as it is reasonably possible, as many people from these countries as we can.

At this point, however, I would issue a word of caution. Every time I go to England, as is the case with all of us who have visited England in recent years, I cannot help being alarmed by the problems created as a result of what was, for a period, virtually uncontrolled immigration into that country.

At this point I should like to draw the attention of honourable senators to an essay which appeared in, I think, the August edition of a periodical which, in my view, is one of the best in the English literary world. I refer to the *Illustrated London News*. The article is by that great and respected historian, Sir Arthur Bryant, and deals with the problems inherent in immigration. I would strongly recommend this article to every public man and woman in Canada who is concerned about the problems of immigration and the responsibilities inherent in a discussion of those problems. I will not say anything more about it now, other than to say that this article by Sir Arthur Bryant is one that every Canadian occupying a position of public responsibility should read.

Having attested to the fact that we do have good things here in Canada, I do not think we should allow that to deter us from talking about our defects and examining those defects, with a view, of course, to remedying them. As I said earlier, I do not intend to go into great detail, and it is my intention and hope not to repeat myself too much.

In recent days I have been receiving, as I am sure other senators have, publications coming from the Advisory Council on the Status of Women. These are well worth reading. They come from a responsible body that has been examining, in particular, the problems associated with injustices to and discrimination against women in our Canadian society, some of which injustices are entrenched in the Criminal Code of Canada.

This is a subject to which, it seems to me, we must increasingly give more attention. I am not thinking only of the aspect I have just mentioned, discrimination against women or the rights of women. I am thinking of the administration of justice and law enforcement throughout the spectrum. This country, which has so many advantages and so many blessings, has one of the highest, if not the highest, jail populations, on a percentage basis, in the free, democratic world. There must be a reason for that. That very fact alone should be cause for concern.

Are there in our jails people who should not be there? We know our jails are overcrowded. Are people in them who should not be there? I do not mean that they have not been guilty of some wrongdoing, or have not broken the law. I am sure the majority of those in our jails have broken the law in one way or another. The question is: Should everybody who breaks the law be put in a penitentiary? Are there people who at present are put in penitentiaries for certain misdemeanours and infractions of the law who should not be put in a penitentiary?

Related to that is another question, to which I think the answer is obvious. Do we have, increasingly, people walking our streets who should be in a penitentiary and who are not there?

Senator Greene: Like the Leader of the Opposition!

Senator Rowe: The matter that troubles me, which I have mentioned before, is this: We are confronted with a physical fact—the physical fact that our law enforcement agencies are finite. They are so much and no more. Therefore, it becomes a matter of priority, and priority itself becomes a very serious matter. I shall not go into detail, but we read in the newspapers a couple of weeks ago that in one city in Canada, in order to deal with a situation that was undesirable, the normal detail of 10, I believe, officers assigned to deal with it was increased by 60, making a total of 70 officers of the law who were concerned with this problem over a period of weeks and months. Here, I say, the question of priority enters the picture.

● (1430)

As I said, I do not wish to go into detail, but we know that for a period the law enforcement agencies and the courts of Canada were preoccupied with the problem of soft drug users. No one in his right senses would wish to encourage the use of either soft drugs or hard drugs. Again we have this matter of priority. Having a finite quantity, and quality also, for that matter, of law enforcement resource, the question is one of how best to apply it. We have experienced generally in Canada, I think, an increase during the last two or three years of robbery with violence. We have certainly seen during the last ten years an increase in murders of one kind or another.

We have had an increase in criminal assault. There has been, as the Advisory Council on the Status of Women has pointed out, an increase in rape—criminal assaults on women particularly, but also on children. As to the latter, I was interested, when reading the literature submitted to us, to learn of what to my mind are some appalling facts. Of all the rape cases officially reported during the last year for which we have statistics, only 17 per cent ended up in court. Of all cases that were reported, 7 per cent resulted in convictions. I repeat, out of every 100 cases of rape officially reported only 7 convictions were registered in the courts. Does this mean that 93 out of every 100 women lodging complaints of that nature were lying or making up stories? Of course not. We know also that judges, police, welfare workers and doctors tell us that the number of rape cases reported is insignificant compared with the number that actually occur. So we are left with this fact: If only 7 per cent of the cases reported end up in convictions, the probability is that only 2 or 3 per cent of the actual incidents of rape result in conviction.

Then there is the matter of child abuse, and our attention has been focussed on the fact that quite literally thousands of children are battered and brutalized by parents and other adults, and that every year several hundred children lose their lives because of this. How much emphasis are we placing on that problem? We can provide and detail 60 police officers for the other undesirable situation, but what about the battered and brutalized children? I acknowledge that this is a very difficult area of operation because it involves the family. However, the question in my mind is: What are we doing about it?

We know that in our society, especially in the cities and urban areas, loan-sharking, extortion and intimidation are being practised on a huge scale, and that as a result the victims are forced into crime that they would not otherwise commit.

This is a pretty well established fact. Again I ask the question: What are we doing about it?

It seems to me that we must examine—"we" being the people of Canada—this whole matter with a view to determining priorities. We do not have sufficient law enforcement and court resources to deal with all the problems and solve every criminal case. However, surely we should be doing more with respect to some of those which, in my opinion, are far more serious problems of society. The fact that an innocent three-year old child is battered to death is, in my opinion, a far more serious matter than the fact that a twenty-year-old college student smokes marihuana. However, if that is the intent of the Criminal Code and the opinion of the law enforcement agencies of Canada, in recent years it certainly has not been manifested in any way of which I am aware.

I want to make it clear that I do not question the right of cities, municipalities, provinces or, for that matter, federal agencies, to enforce the laws, whether they be those with respect to marihuana or some of the other problems to which I have alluded. However, I do question our sense of priorities. I will summarize my remarks on this matter by saying that these facts are apparent to me and, I believe, to a great many other Canadians. There are more people in jail than should be there. To put it in another way, there are many people in the jails of Canada who should not be there. Many people are loose on the streets who, with a proper sense of priority on the part of the governments and the authorities concerned, would not be loose and jeopardizing the lives of innocent people. The situation is so bad that one cannot even walk, we are told, at the back of the Parliament Buildings without the danger of being assaulted, mugged or something of that nature. In my latter comment I am repeating something I have read, but certainly there are parts of our cities in Canada in which we do not dare to walk alone at night or, in some cases, during the daytime. I do know that certain segments of our society, particularly women and children, are not adequately protected. When only 2 per cent of all the incidents of rape result in conviction, there is something wrong. I suggest that our limited law enforcement resources are being dissipated to deal with admittedly undesirable situations while other more serious problems of society are neglected. That is all I have to say in that respect.

I wish to say a word or two regarding bilingualism, with which I shall conclude. We are given to understand by the Speech from the Throne that it is the intention of the government to shift its emphasis in this matter. Perhaps I am oversimplifying it at this point, but it has now been recognized that rather than endeavouring to force or cram a new language down the throat of a fifty-year old civil servant, perhaps there is some other, more rational way to approach this matter. This has reminded me of something which is not new in my thinking, something which I have thought about before.

● (1440)

It seems to me that when this matter of bilingualism first emerged in a serious way, in the late 1950s or early 1960s—I am referring to the right of each of the two founding races in Canada to enjoy the use of its own language, and the need for each race to be able to approach government agencies in the language of its choice—the government of the day ignored the fact that it was dealing not with a racial problem, or a government administrative problem, but a pedagogical problem.

I read in the press yesterday of an experiment being conducted in Toronto in which children in grades 1 and 2 are learning two languages with no difficulty. The newspaper article refers to it as being something new. There is nothing new about that. Educators all over the world have known that fact. There is no need to conduct an experiment of that kind.

Honourable senators may recall that President Conant of Harvard University was appointed chairman of a United States presidential committee on education. I have not recently refreshed my mind on this but, speaking from memory, it was either a presidential committee or an important United States commission. It is also my recollection that the committee or commission was established shortly after the end of the Second World War. Senator Croll might recall the date.

The findings of that commission were published and given widespread circulation. Its report became one of the great educational documents of our time. It was entitled *Education in a Free Society*, and was published over the name of the distinguished American educator I have mentioned.

In educational and scientific publications the fact was stressed over and over again that if one is to learn a second language, the time to start is the cradle, or as soon after the cradle as is humanly possible. We are now being told that we should put the emphasis on learning a second language in our classrooms. We are now giving thought to that after spending millions of dollars in an artificial and largely futile attempt to make Canadian adults adept in two languages.

When Senator Bonnell and I were in Switzerland last year we met many Swiss who spoke three, four or five languages, and some spoke six languages. Almost all the Swiss seem to be able to speak two or more languages with no great difficulty. However, they did not start learning those other languages when they were 45 years old.

A few days ago, while travelling to Ottawa by plane, I was in conversation with a stranger who occupied the seat next to mine. From the way he spoke I thought he was an Anglophone. Regrettably, while I can read French reasonably well, I cannot speak it with any degree of facility. We conversed in English. When we exchanged cards at the end of the flight, I said to him, "You have a French name," and he replied, "Yes, I am French. I was born in Quebec. I am a French Canadian." He told me his native language was French, and when I asked him to explain how he could speak English with no accent at all, he said, "My mother was English and I spoke English with my mother, but I spoke French with my father. I have no problem at all."

If honourable senators will permit a personal analogy, one of my sons is married to a French Canadian. They have two children, the elder of whom, a little boy, is now five years old. That little boy has never spoken a word of French to me in his

life. He speaks to me always in English. When he visits his French Canadian grandparents at Shawinigan, he speaks flawless French with no difficulty at all. Each day his mother speaks to him only in French. She does so deliberately, although she is perfectly bilingual. However, when he is with his father he has no choice but to speak English. My son's children are growing up in that manner. There is a lesson to be learned in that situation, which is multiplied a thousand times across Canada.

The important thing is that if this country is to become bilingual—and I hope the time will come when most of us will be bilingual—the approach should be through our children and our schools.

I suggest, honourable senators, that if the money which has been spent on bilingualism during the past 10 to 15 years had been applied to providing adequate and competent French and English teachers in Canadian schools in areas where they were needed, perhaps we would now be well on the road to solving the problem of bilingualism.

I am not aware that the government approached any educational body in the early days of the introduction of bilingualism. Perhaps it did. If so, it certainly kept the fact well hidden.

I wish now to make two comments in the form of a cliché. First, I do not think there is any disagreement about the fact that the rights of the two founding peoples of Canada have to be protected in this matter. I am sure that no fair-minded person would disagree with that. The second point is perhaps not quite so obvious. There is a danger that the problem of bilingualism could activate the forces of bigotry, chauvinism and racism—forces which are under the surface but always ready to emerge. Surely we do not need to be told that, or to argue about it. Those forces are always there. We saw those forces emerge in the Germany of the 1930s, and they are emerging in London at the present time. Those forces exist in Canada at this moment, and they can emerge in such a way as to threaten the continuing unity of this country. I suggest to honourable senators that the months and years ahead will be a test of the good will, common sense and decency of Canadians.

We tend sometimes to live in a fool's paradise. This country can be Balkanized. I repeat, this great nation, making up half a continent, can be Balkanized, with all the serious implications arising from that.

It is also possible that the relatively civilized way of life which we now enjoy could be threatened by violence and terrorism. Indeed, there is a potential in Canada for such insanity—I use the word deliberately—which has already characterized the history for the past several years of another country related to us by political, religious and ideological bonds, and by ties of blood. That potential exists in Canada, just as it is a reality in that other country to which I refer.

● (1450)

Hon. Richard J. Stanbury: Honourable senators, may I begin by expressing my admiration for Madam Speaker, not only because of her increasing confidence in conducting the affairs of this chamber but also because of the great talent she displayed on that television program which Senator Connolly (Ottawa West) mentioned yesterday.

Senator Connolly also mentioned that our colleagues Senator Forsey and Senator Walker participated in that program, and while watching it I took a great deal of pride in listening to these three colleagues of ours describing the work of the Senate, the role of the Senate and its place in the parliamentary democracy of which we are a part. I must say that it seemed to me that the Honourable Judy LaMarsh was easier on them than she was on me when I was on her hotline show some little time ago in Vancouver, but our colleagues took advantage of that kindness and pressed on to make it a very interesting and, indeed, valuable show.

Honourable senators, how can I follow Senator Connolly in his tributes to our leaders? I do not think I should even try. I can only say that we are very fortunate indeed to have men of that ability and of such honourable aspect as leaders of our respective parties in the Senate.

Hon. Senators: Hear, hear.

Senator Stanbury: Senator Lucier and Senator Barrow have been the recipients of sincere congratulations, so they do not need any more from me. They upheld the best and finest traditions of the Senate in their speeches moving and seconding this motion. Senator Lucier tells me that that was the first time he had made what might be called a prepared public speech. If that was the effort of an amateur, then all I can say is that I am very much looking forward to what it will be like when he becomes a professional.

I noticed when I entered the Senate today that my name is now the second to last in the first half of the members of the Senate listed in order of seniority on the board in the corridor. That reminded me that in eight short years we have lost through retirement, resignation or death more than 50 per cent of our colleagues who were here at the time of my appointment. It was also a poignant reminder that we had lost my good friend, Senator Harper Prowse. He was a man who was articulate, intelligent, persuasive and credible. He was a man with a great enthusiasm for both life and humanity.

I have taken this opportunity of speaking on matters related to the Speech from the Throne because I am worried about the general mental attitude displayed by Canadians these days. There is an aura of discontent which is very hard to define. Part of it is no doubt due to the revolutionary period we are living through, and the feeling of insecurity caused by changing moral standards, and changes in the pecking order of society, which have elevated great sections of labour into the middle and upper-middle class and reduced the commercial value of a university education. Some of it may be due to the recognition that, having moved through a period of great affluence and careless exploitation of our resources, we are going to be required to take much more care, and some of it may be due to the fact that our institutions have become so big and so complex that we can feel no identity with them or any sense of the way in which they are intended to serve us.

I know, honourable senators, that there are not very many things that you and I can do about some of these matters—they are facts which we have to face both as government and governed—but what we can do is use the tools available to us, understand their limitations, and refine and mold them the better to serve our society. And that is precisely what the Speech from the Throne is all about.

The most important tool we have available to us is our system of parliamentary democracy. I recently attended an international conference at which the theme discussions centered around "The Decline of Parliamentary Democracy." It is not difficult to demonstrate that there has been a decline in the number of countries governed in accordance with the principles of parliamentary democracy, and particularly, because of the problem of the great population of India, the number of people so governed as well. If I remember correctly, Senator Perrault gave us the figures the other day when he said that now only about 17 per cent of the world's population is so governed. Depending on one's interpretation of what a parliamentary democracy is, there are somewhere between 20 to 50 parliamentary democracies represented in the United Nations, which is comprised of 144 sovereign states.

The discussion at that conference prompted me to think through the evidences of weakness of parliamentary democracy, and I came to the conclusion that parliamentary democracy is not in decline in all respects, that it is well worth saving, and that we can save it in our country.

Here in Canada it is only 15 years since the cabinet was all-powerful in decision making, with caucuses and party organizations having little part to play in that process. Now there is a strong caucus in each party exerting considerable influence, and a party organization which develops policy and monitors its implementation. So in actual operation, parliamentary democracy is improving, not declining. It still needs mechanical changes, but it is getting increasingly better. This is amply demonstrated by both chambers of our Parliament.

Parliamentary democracy also provides effective government. During the difficult sixties other regimes were repressing demonstrations. Parliamentary democracies, on the other hand, were co-opting the revolution, reacting positively to demands, and were succeeding in rolling with the punches, thus avoiding repression. It is where parliamentary democracy failed to deal with those situations that it disappeared—for instance, in India.

Where parliamentary democracy is in trouble is in terms of public acceptance. Why is that? It is because people are better educated, better informed, have higher expectations and are released from many old taboos. Consequently, parliamentary democracy has been under a much closer and much more sophisticated examination. Its warts are showing. And parliamentary democracy, having its base in traditions and established institutions, has found it difficult to respond quickly enough to this new examination.

That is not a fatal weakness in the system, honourable senators. It is, indeed, its great strength in that it can undergo a type of examination which the autocratic systems cannot stand, and it can adjust itself to the results.

As a result of this examination, we now have election expenses legislation, conflict of interest legislation, right-to-know legislation, and participatory techniques for involving the public in the process. All of these have either been brought into being or are heralded in the Speech from the Throne.

But there are many things still to be done. Perhaps the most important one is to balance the present media monopoly with other methods of communicating with the public. People are now getting only interpretive—in other words, biased—reporting, which is almost entirely negative, and not just against the government but against the whole parliamentary process. How can any institution survive such a barrage of destructive comment for long without seeking to balance it in some way? Certainly there must be an unfettered press to act as one of the vehicles for the continued examination of government, but there must also be some means of letting the public see the facts and actions at first hand so that they can judge.

● (1500)

A perfect example of how that balance can be effected is to be seen in the way in which the American political system handled the Watergate situation. The media, as part of the examination process, dug out the story. But there was great danger that in their unbridled enthusiasm they would ruin reputations, and that citizens might be provoked to violent action based on emotional stories. Congress then stepped in with the Irvine and Rodino committees to pre-empt the media and to lay all of the sworn facts before the public in a straightforward manner. Once the facts are properly laid before a responsible public, no amount of interpretive reporting can destroy its good judgment.

So we must look for ways to accomplish this balance in our system—more topical debates in Parliament; television coverage of Parliament; committees organized to use the media; media time and space for parliamentarians to be devoted to serious topical parliamentary matters, both in separate blocks and as part of an integrated news service; and more frequent criticism of newsmen's interpretations through a proper media council. The Throne Speech begins this process by proposing the broadcasting of the proceedings of the House of Commons. It does not go far enough, but it is a start.

Another tool we have available to us is the excellent Public Service of Canada. I say "excellent" advisedly because, in my limited contact with the public service, I have found those I have had to deal with intelligent, helpful and dedicated to the general wellbeing of the people of Canada. But even they would agree that the public service, with its structures and its practices, could stand a thorough examination and assessment in light of where it has been and where it is going, and what its proper role is in relation to the people of Canada. I appreciate that when the Throne Speech records the limited growth of the public service during last year, and promises a further limitation to 1 per cent growth during this year, it implies that the pressures of limited growth will cause re-thinking of demands for additional personnel, but much more than that is required.

It is now 15 years since Mr. Glassco made his study, and the public service today bears no resemblance to the public service of that time. Medium-level public servants have told me they are sure that, if they looked around their departments, they could cut $200 million without its even being noticed. Mind you, when they are asked to be more specific, they all have the same problem as the Treasury Board. Every official, from deputy minister down to head of section, has good reasons why he needs the people, the equipment and the space he has, and why he needs a great deal more. Internal reorganizations simply become games of musical chairs. Nothing is ever reduced in size; everything always grows. A fair share of the blame must be accepted by the politicians, because it goes back to political decisions.

It is time for a new, objective look at the leviathan, but only after Parliament has thought out and set down what it is the people of Canada want the public service to do for them. With such a set of principles in hand, competent management consultants could tell us what we need to do; without them, the exercise would be fruitless. It may well be that this is a task the Senate should undertake—a study of the role that the public service should play in relation to the government and the people of Canada.

In the Speech from the Throne, and in the document entitled *The Way Ahead,* the government has been very frank in outlining the options which are available to Canadians. If we opt for the middle road as defined in both the Speech and *The Way Ahead,* it will have implications for the Public Service of Canada different from those in either of the other two options outlined. Personally, I agree with the Prime Minister that we should choose the middle way—neither socialism with its smothering paternalism, nor unfettered enterprise with its devil-take-the-hindmost philosophy.

Since His Excellency delivered the Throne Speech, I have heard time after time from the opposition and the media that the Prime Minister has backed away from what he said on December 28 of last year. The fact is he never said what most people think he said at that time. That was an invention of the media. What he said was:

> Obviously, some have very doctrinaire and ideological solutions—it's just a matter for the government to step in and take over the big corporations and everything will be solved. That is not our view. Others at the other extreme say bring back the market economy and everything will be solved. Well, we don't think that extreme is possible either. So I don't say that the long-term answer is necessarily a greater involvement of the state. I am saying that we need an intervention of the state now to give us a breathing space. We have to be more and more concerned with a blunt fact that the market economy does not exist in its pure form. We cannot return to that ideal society where the state doesn't have to regulate. I hope we won't have to continue to regulate as much as we are now in the height of this anti-inflation control system. If we find that the trade-off between unemployment and inflation is not as costly as it has been, then we won't need to have any more state controls in the future than in the past. It will depend really on all of us and how we think through the next two or three years.

And now the Prime Minister is asking us to think it through and come to conclusions with respect to how we want to live, and the kind of self-discipline we are prepared to exert upon ourselves to make it possible to live in that way. He recommends the middle way which has, after all, been the Canadian way for generations. Those who suggested in December that Mr. Trudeau had become a raving socialist, and those who suggest now that he has flip-flopped, are the people who are trying to mislead the public.

I hope that in addition to studying the legislation which will arise as a result of the Speech from the Throne, the Senate will perform two basic tasks: first, study and debate *The Way Ahead*; and, second, prepare a careful definition of the kind of public service we will need to serve the Canadian people and their future objectives.

Parliament and the public service are the most visible levers of power in a parliamentary democracy. They are the ones seen most clearly by the public and are the ones where credibility is most important. However, there are other tools, including administrative boards, contractual arrangements, crown corporations and, indeed, political parties. The Speech from the Throne does not deal with these other areas so I shall not spend time on them today. Perhaps it is sufficient to say that every arm of government, every emanation of the parliamentary system, must be seen to be attentive to the public, responsive to the public and fair to the individual. So long as governmental agencies take high-handed action, take advantage of their power to do something which a private individual may not do, or are seen as anything but the protectors of human rights, then the people's respect for the whole process of parliamentary democracy and their willingness to accept the rules of society voluntarily will be in question.

The Speech from the Throne deals at some length with the important role which the government expects business enterprise, particularly small business enterprise, to play in the maintenance of dynamism and stability in the Canadian economy after the removal of wage and price controls. I suspect there is no one in this chamber who would not applaud those objectives. I think there has been a tendency over the years—perhaps since the days of C. D. Howe—for successive governments and mandarins in the public service to concentrate their efforts on putting together units of capital and technology big enough to do the massive things which have to be done by business in Canada and, as Canada's agents, in the world.

There have been two false assumptions. The first is that Canada's small businessmen are so independently minded and self-sufficient that they need and want no particular help from government. The second is that no differentiation is needed between small and big businesses when it comes to government demands for accounting and statistical procedures. Well, with the reorientation of the old Industrial Development Bank into the Federal Business Development Bank, and with the promise

of the Throne Speech to reduce the red tape for small businesses, the government is making it clear that it now appreciates that both of those assumptions were wrong—and that is all to the good. But it must be remembered that we still have great inadequacies in the operation and capacity of our big businesses.

● (1510)

The Honourable Jean Chrétien, in a recent speech, told the Canadian Export Association frankly that while he and his department would do everything possible to obtain the necessary agreements, organize the necessary missions, and open the necessary doors around the world, it would be up to the businessmen of Canada to walk through those doors and to do business where there was business to be done.

The fact is, honourable senators, that the businessmen of Canada have not been out in the world selling, with the exception of a few major national and multinational companies, some of which sell primary products while others are proving that it really is possible for processing or manufacturing companies in Canada to invade world markets.

I realize that there have been reasons for Canadian businessmen to stay home, or reasonably close to home. Many large companies in Canada which might normally export from Canada are prevented from doing so by restrictions placed upon them by their head offices in some other country. Another factor is that the United States has been so close and so amenable to Canadian products that Canadian businessmen have been able to stay close to home and still sell all of their production. A further factor, and a very important one, of course, is that we have not been as hungry as other nations. Japan, Belgium, Holland, Italy and others have no choice but to market aggressively. They have no resources of their own; they live by adding value to someone else's product and exporting. If they cannot find customers, they die, and that has been the source of the problems of some of those nations during the recent worldwide recession. Our businessmen have not had that kind of motivation.

In the days ahead we must move out into the world and sell, and we must find the means of selling, not only primary products but our technological skills, our ability to deal in either of two international languages, and our highly competent labour and management capacities. This means that we have to solve some of our problems at home. The government, in the Speech from the Throne, has put considerable emphasis on finding the techniques of solving our labour-management problems. And that certainly must be done. We will not be able to do really well, either at home or abroad, until we have set aside our petty grievances and settled down to working together for the good of the nation. But even if we settled that problem tomorrow, our foreign trade would increase very little. What we have to begin to realize is that the world is not the same as it was. We have depended all these years on a pattern of continuing economic growth in North America. Now the massive growth is taking place in other parts of the world.

I pause to refer to the August 1976 issue of *Fortune* magazine, which lists the principal nations of the world in order of economic growth. It cites, first, Saudi Arabia, followed by Iran, Brazil, Turkey, Algeria, Spain, Japan, Greece, and then Canada. Canada ranks eighth in the world in terms of economic growth. Our traditional trading partners, the United States and Britain, are twentieth and twenty-first respectively in terms of economic growth.

We have to move into those areas of the world where there is growth and where markets are available to us. Fortunately, we have a great deal going for us in this regard, such as the fact that we are now the only industrialized country in the world with a contractual link with the European Economic Community—and that presents fantastic opportunities for Canadian businessmen, if they are only there to take advantage of them—and the fact that Spain is now anxious to do business with us. Spain stands on the threshold of the European Economic Community, just as we stand on the threshold of the great markets of the United States.

We have signed, or are about to sign, trade agreements with countries of the Middle East with the greatest business potential for us. The principal need of those countries at the present time is for infrastructure—roads, railways, power plants, sewers, pipelines, harbours, air fields, farms, fisheries and forestry. All of these areas are meat and drink to us, and we should be the ones who are supplying the major share of those needs. But we are not there; or if we are, we are there in the form of consortia which are headed up by consulting engineers. I love consulting engineers—if it were not for them, there would be no Canadian presence in the Middle East at all—but consulting engineers were never meant to be the fulcrum for a consortium which is going to have to enter into multimillion-dollar, and even billion-dollar, deals. Consulting engineering consortia are put together by each of several organizations throwing $5,000 into the pot for travel money. If they lose a foreign bid they are lucky, because the federal government picks up at least part of their costs. If they win it, their troubles begin. They have to find the capital, the suppliers, the contractor, and the labour to fulfill their obligations. It is like putting together an *ad hoc* hockey team to play the Russian pros—sometimes it works but, more often, it does not. The pros—the West Germans, the Russians, the Japanese, the Americans, and the French—go into the competition with a structure all put together and headed by a business organization with convincing capital formation. They throw in the engineering consultants free of charge. Until we can persuade the corporations which have the big formations of capital in Canada—Argus Corporation, Power Corporation, and so on—or those corporations which have major potential as suppliers—such as General Motors, Westinghouse, and Canadian General Electric—to take the leadership in such consortia, we will never be convincing as builders of major turnkey projects in the world.

Since I have already taken the liberty of mentioning two tasks which the Senate might undertake, I now suggest that the Standing Senate Committee on Banking, Trade and Commerce undertake a study to determine how government policy and incentive might be used to encourage the organization of

Canadian business in such a way as to take advantage of the opportunities available to Canadians in international trade in both commodities and services.

Honourable senators, I have already spoken for too long. I wanted also to discuss with you this afternoon the need for attention to be paid to the subject of tourism in Canada. It is sufficient for the moment to remind you that at one time the Senate had a Standing Committee on Tourism, and perhaps it would be appropriate for the Standing Senate Committee on Banking, Trade and Commerce, under whose jurisdiction this concern now resides, to initiate a fresh study of tourism in Canada.

If there is any message to be drawn from my ramblings this afternoon it is that, even from what the honourable Leader of the Opposition has called a vague and general Speech from the Throne, it is relatively easy to see that, if we take up all of the challenges contained in the Speech, the Senate will have more than enough to do during the coming session. I am excited by the prospect, and look forward to participating with my colleagues in the work ahead.

Hon. Edgar Fournier: Honourable senators, as usual, I shall be very brief.

[*Translation*]

Honourable senators, for the time being I would like to dispense with the traditional remarks which round off the opening of a parliamentary session. I would simply like to thank all participants, regardless of their titles and functions.

If I make the effort to participate today, it is not to be critical, even less to endorse the Speech from the Throne of this session, but rather to support my colleagues who, because of their limited number, must bear the full workload of the opposition in a democracy such as ours.

[*English*]

Honourable senators, as I said, it is not my intention either to be critical or supportive of the Speech from the Throne as read by their Excellencies, the Governor General and Madam Léger. I only wish to support my colleagues who, despite their restricted numbers, have had to bear the workload of the official opposition in the Senate.

• (1520)

As you know, I used to enjoy the debates in this chamber, and I had the greatest respect for those who did not share my views. The difficulties I now experience in speaking fluently, as a result of the loss of many faculties, do not allow me to engage in discussions of controversial subjects. I had very little brain to start with, and there has been no improvement.

During the five years when I was able to participate in the debates I was present at many of them, and I enjoyed taking part. However, on my doctor's advice, I now have to remain silent and avoid such discussions. Sometimes I ask myself why I am here in the Senate if I cannot carry out my duties the way I used to. I often wish I could be more active and more helpful to my colleagues, and increase my contribution to the Senate.

When I look around I fear that many difficulties lie ahead—and it is not about politics that I am thinking now. I am thinking rather about the structure of our so-called democracy. I am thinking of freedom, justice, private enterprise, corporations, social services, schools, medicare, labour movements, news media, misconduct, misfortunes and abuses, often leading to corruption, including the corruption of religion.

It is true enough that every century outlives itself, but at no time since the beginning of the world have we seen the evolution of so many problems at the same time.

[*Translation*]

Today all nations of the world live in the shadow of a destructive element that we all know under the name of atomic or nuclear bomb. You can be sure, honourable senators, that one of these days someone irresponsible is going to use it. The secret of nuclear explosion is no longer one that we are trying to protect. Then you can imagine the consequences that would follow, to say nothing about the arms race, the greatest curse of all nations.

[*English*]

The conventional arms race, in the course of which we spend millions, if not billions, of dollars—very often on training our enemies and supplying them with our so-called obsolete equipment such as tanks, airplanes, vehicles, guns and ammunition—is some day, honourable senators, going to catch up with us; but then it will be too late. How can we expect to survive a program designed to harm our enemies? Perhaps the oldest of us will avoid it, but our children will certainly be in the front line.

Today the challenge is to feed the world. One-third of the population has to feed the other two-thirds. Due to many adverse policies, including red tape, price controls, poor transportation, boycotts, expensive equipment, and a lack of interest in producing enough food for our own needs, agriculture cannot compete with the demands made upon it. Agriculture, however, is essential to life. Life without food, as a rule, does not last too long.

[*Translation*]

The democracy in which we live is deteriorating rapidly from several standpoints. Unions are being carried away by their ambitions. Strikes depend on the mass media. Parliamentary authority is often questioned. Revolutionary winds are blowing from all sides.

People seem to forget that freedom has its limitations, authority has its duties, and the nation has its obligations.

[*English*]

We should remember that the fall of many empires was caused mainly by over-taxation imposed by overzealous leaders and emperors who ransacked their subjects at will. Are we not ourselves walking blindfolded in that very direction, into a situation in which half of the working population is supporting the other non-producing half? Are we taking sufficiently seriously the decline of the purchasing value of our dollar, and inflation in all its forms? Can we survive? And for how long

are price and wage controls going to be the answer? Are we, on the other hand, caught between two evils?

[*Translation*]

That is why today I am afraid of the future. When I think about it and look at the overall picture, I see all the problems of the universe. What frightens me most is that the greatest difficulties are not always created by underdeveloped nations but mainly by those nations we supported financially, morally and even physically by giving them military training. Too often they are created by the most educated, civilized—if I may use the word—modernized and financially well off nations.

Let us say also that the problem does not stem only from nations or countries, but let us look at our own environment where, unfortunately, disorder seems to have priority over order and good conduct. All segments of our society must face and overcome conflicts that were unknown yesterday.

Honourable senators, when I look at all the problems we must face, I must admit that we are living in a very sick society.

[*English*]

That is the way it is.

[*Translation*]

Thank you for your kind attention.

On motion of Senator Macdonald, for Senator Walker, debate adjourned.

[*English*]

BUSINESS OF THE SENATE

STANDING COMMITTEES

Senator Haig: Honourable senators, may I have assurance that the report of the Committee of Selection will be appended to today's *Hansard*?

Senator Perrault: It is my understanding that that report will appear in the record of today's proceedings.

STRIKE OF DOCKWORKERS AT HALIFAX—EMERGENCY LEGISLATION

Senator Perrault: Honourable senators, before I move the adjournment, I should like to bring to your attention the fact that I have been informed by the office of the Honourable the Minister of Labour that a few moments ago the minister announced that legislation will be introduced tomorrow to end the Halifax dock strike. I felt honourable senators would like to have this information.

The Senate adjourned until Tuesday, October 26, at 8 p.m.

THE SENATE

Friday, October 22, 1976

The Senate met at 3 p.m., Honourable John M. Macdonald, Speaker *pro tem* in the Chair.

Prayers.

BUSINESS OF THE SENATE

PRIVILEGE

Senator Smith (Colchester): Honourable senators, I rise on a question of privilege which has to do with the shortness of the notice with which we were summoned to return today.

I should like to draw attention to the fact that yesterday, at approximately noon—at any rate, immediately after conclusion of the question period in the other place—the leader of the house in the other place, the Honourable Mr. MacEachen, said, at pages 301 and 302 of yesterday's *Hansard* of the other place:

> Tomorrow it is my intention to interrupt the debate on the Address in reply, to deal with a bill which is to be introduced by the Minister of Labour (Mr. Munro) concerning the port of Halifax. Assuming we get consent, we would proceed with that bill tomorrow.

When we met yesterday afternoon in this chamber Senator Langlois made a statement concerning the expected business of the Senate for the coming week. He was then asked by Senator Flynn, as reported at page 52 of *Hansard*:

> Is there any possibility that the Senate will be recalled to deal with emergency legislation with regard to the strike of dockworkers at the Port of Halifax?

Senator Langlois replied:

> That possibility is not foreseen as yet.

Now, in common with a number of other senators I received notice of today's sitting at about 6 o'clock yesterday afternoon just when I was about to depart. I am sure the Leader of the Government was very much in the same position. So it seems to me to be somewhat peculiar that, since the Leader of the House of Commons made it public knowledge at about noon yesterday that this matter was to be dealt with by the other place today, the Leader of the Government in this chamber could not have been informed at a much earlier hour of the likelihood that this chamber would be recalled to deal with this legislation today. If this had happened it might have mitigated to some degree the inconvenience which many senators suffered, and it might have ensured the attendance of a much greater number of senators this afternoon.

Senator Perrault: Honourable senators, if I may reply on that point, may I say that together with the distinguished senator from Nova Scotia I regret that it was necessary to send out messages to all honourable senators after we had in fact adjourned yesterday until next week.

Yesterday afternoon I communicated with the Minister of Labour in an endeavour to ascertain what kind of legislative schedule would be involved in the passage of this emergency measure. The reply which I received was duly communicated to honourable senators, and that is that there was a possibility of legislation being introduced this day. There was no suggestion at that time that it would be the intention in the other place to have this measure passed through all three stages of debate in the other place and in the Senate by this afternoon. The decision to proceed through all stages was, I understand, made after consultation with all parties in the other place and, finally, at a cabinet committee meeting after the Senate had adjourned yesterday afternoon. The cabinet committee meeting continued, I am informed, until something like 5.30 in the afternoon, and there was a rather extensive discussion about the economic impact of the strike upon Nova Scotia and the rest of the Atlantic provinces.

I understand that from an economic standpoint the labour strife down there is causing a loss of something like $1 million a week, and the decision was taken by the government committee that under these very pressing economic circumstances we should endeavour to pass this legislation as quickly as possible. That is the only explanation I am able to give.

Senator Smith (Colchester): Honourable senators, I thank the Leader of the Government for his explanation, but I want to make it quite clear that I was not in any way objecting to the celerity with which the legislation is being dispatched. I agree that it is something to be dealt with quickly. Rather, I was being critical of the shortness of the notice, which could easily have been given as early as 12 o'clock yesterday to the Leader of the Government here and to this chamber.

DOCUMENTS TABLED

Senator Perrault tabled:

> Copies of letters exchanged between the Prime Minister of Canada and the Premier of Alberta, dated October 14 and 18, 1976, concerning the patriation of the Constitution.
>
> Memorandum of Agreement between The Halifax Longshoremen's Association, Local 269 I.L.A., and The Maritime Employers Association, signed this 25th day of September 1976 at Halifax, N.S.

Senator Forsey: May I ask the Leader of the Government if it is his intention to present the correspondence between the Prime Minister and the Premier of Alberta as an appendix to

today's proceedings or *Hansard*, because it might be quite useful to honourable members to have that text before them.

Senator Perrault: Honourable senators, I have no objection to that procedure being taken at all, if such procedure is in order. Certainly, I have no objection.

Senator Lafond: Might the record indicate what correspondence is involved between the Prime Minister and the Premier of Alberta? Is it with respect to the constitutional question?

Senator Forsey: So I understood.

Senator Perrault: It has to do with the patriation of the Constitution.

Hon. Senators: Agreed.

(*For text of letters see appendix, pp. 69-71*).

BUSINESS OF THE SENATE

Senator Beaubien: Can the Leader of the Government tell me when it is expected that we will be next sitting after today?

Senator Perrault: Honourable senators, the plan as announced by the deputy leader yesterday afternoon would be to resume our deliberations on Tuesday evening at 8 o'clock.

Senator Beaubien: Thank you very much.

• (1510)

PORT OF HALIFAX OPERATIONS BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-14, to provide for the resumption and continuation of longshoring and related operations at the port of Halifax.

Bill read first time.

SECOND READING

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be now read the second time.

He said: Honourable senators, in moving the second reading of this rather important and urgent bill, I want to reaffirm the government's extreme reluctance to end labour-management disputes by legislation. It should not be necessary for governments to interfere with the free collective bargaining process. However, the unusual circumstances in this case led to the government's introducing in the other place this morning Bill C-14, to provide for the resumption and continuation of longshoring and related operations at the port of Halifax.

As the Minister of Labour said in the other place in introducing this bill, there are times and situations when the government, as custodian of the economy and the defender of public interest, must assume its responsibility. Because of the circumstances which prevail in Halifax today, and which have prevailed for some considerable time, there was unanimous agreement among the parties in the other place that government action was clearly required in settling the dispute involving the Maritime Employers Association and Local 269 of the International Longshoremen's Association at the port of Halifax.

As a result of the dispute, the port has been closed since August 8. It is estimated that the economic loss is now running at well over $1 million a week. The number of workers laid off as a result of this dispute is close to 3,000. In other words, 3,000 people have been rendered unemployed since August 8 because of this dispute.

Given those circumstances, it is difficult to see how any one side can benefit, or the public interest can benefit, from the continuation of the strike. Considerable economic damage is being sustained by both the city of Halifax and the port itself, and the reputation of the port is suffering in the process. For all of those reasons, it is the opinion of the government that Parliament must legislate an end to the dispute.

The proposed act, to be known as the Port of Halifax Operations Act, if passed, will result in the port being reopened while further attempts are made to settle the dispute. It should be emphasized, again, that the government remains committed to the principle of free collective bargaining, and it should be pointed out that considerable efforts, strenuous efforts, have been made over the past 10 months to resolve the dispute.

It may be useful if I were to summarize, as briefly as possible, the sequence of events that led to the present impasse. The parties to the dispute, the Maritime Employers Association, which acts for its member steamship companies and agents employing labour, contracting stevedores and terminal operators handling vessels in the port of Halifax, and Local 269 of the International Longshoremen's Association, representing some 650 workers, have been seeking to negotiate revisions to their collective agreement, which expired on December 31, 1975.

The parties met in direct negotiation on a number of occasions prior to the expiry of their previous collective agreement. As these meetings were not successful, on January 2 of this year the Minister of Labour appointed Mr. C. A. Ogden and Mr. R. L. Kervin, of Labour Canada's Halifax office, as conciliation officers to assist the parties in their deliberations. Numerous meetings were held with the parties during the next two months, and the officers filed their report on March 4, 1976, recommending as the next step in the conciliation procedure the appointment of a conciliation mediator to deal with the items still in dispute.

On March 7 of this year the minister therefore appointed Judge Nathan Green of Halifax as negotiating commissioner in the dispute. Judge Green met extensively with the parties during the course of the following three months, and then he filed a report containing his recommendations on all issues in dispute on June 24, 1976.

The Maritime Employers Association notified the Department of Labour of its acceptance of the recommendations contained in the report last July 7. However, the union rejected the recommendations, as they said, "in part" and requested mediation assistance based on terms of reference put forward by the union.

On July 13, Mr. R. L. Kervin, of the ministry's Halifax office, was appointed mediator pursuant to section 195 of the Canada Labour Code, with instructions to assist the parties, but without placing any restrictions on what areas of the dispute were to be mediated. Mr. Kervin was able to arrange a settlement between the negotiating committees on August 2, subject to its ratification by the union membership. This settlement was rejected by the union membership through a vote held on August 5 last. It was following this rejection that the Maritime Employers' Association locked the longshoremen out of the port of Halifax on August 8, effectively closing down the operations of the port.

On September 17 the Honourable the Minister of Labour assigned Mr. William P. Kelly, assistant deputy minister of the federal mediation and conciliation service, to this dispute, to assist the parties in reaching a settlement. Mr. Kelly, a man of great skill and ability, began meetings with the parties on September 20, assisted by Mr. Kervin, and on September 25 a settlement was reached and a memorandum of agreement executed by the parties, subject to ratification. The membership of Local 269 rejected the mediated settlement by a 56 per cent majority.

Because of the threat to the port's reputation, and indeed to Canada's reputation, as well as the serious economic effects resulting from the shutdown, Mr. Kelly was instructed to return to Halifax on October 4 and assist in the situation following the rejection of the mediated settlement reached on September 25. Mr. Kelly resumed mediation sessions with the objective of developing a formal proposal of terms of settlement.

On October 6 the Honourable the Minister of Labour joined Mr. Kelly, met with both parties, and submitted a formal proposal setting out suggested terms of settlement. The proposal, basically, involved the acceptance by both sides of the agreement reached on September 25, but reserved for further negotiation and arbitration, if necessary, four of the contentious items dealing with the dispatching of longshoremen. The parties would be given until December 10 to reach agreement on the four contentious items of the rules of dispatch. Failing this the minister would appoint Judge Nathan Green to arbitrate the items, and his award would be incorporated into the collective agreement effective January 1 of next year.

● (1520)

While the union membership accepted this proposal on October 8, although by a narrow margin, the Maritime Employers Association rejected these terms and put forward their own conditions for the lifting of the lockout. This, it may be said, was most unfortunate, as it is believed that this proposal met the requirements of both groups, and especially provided the employers the flexibility and stability of the work force that they sought. The minister, therefore, suggested to the Maritime Employers Association that they give the proposed terms of settlement careful reconsideration, but they replied on October 13 that they would not accept this proposal as a basis of settlement.

As a result, the government was faced with two options after this very long and difficult process: first, to allow the lockout to continue in the hope that the pressure of economic strain on the parties would eventually lead to resolution of the dispute, or, second, to legislate an end to the lockout and bring about a resumption of operations in the port, while presenting a method for resolution of the dispute. The government has opted for the second solution because, having exhausted over the last ten months all procedures and all good offices to resolve the dispute through mediation, it is clear that the serious adverse economic effects are now such as to warrant legislative action.

Many members of the Senate may be aware—and I am sure that our distinguished colleagues from the Atlantic provinces are painfully aware—of the adverse economic repercussions of this industrial dispute. The government has received numerous representations from business and labour representatives, including people in the shipping industry, as well as elected officials at all levels of government and of various political affiliations, to put an end to the dispute because of its severe adverse effects on the economy of the city of Halifax, the province of Nova Scotia, and, indeed, the whole Atlantic region.

As I said earlier, it has been estimated that the economic loss is now well over $1 million a week—which is one of the reasons why it was decided that no further time must be lost with respect to legislative action—and that the number of workers laid off as a result of this dispute is close to 3,000. Of course, the multiplier economic effects of this dispute in the port of Halifax cannot be measured accurately.

That this situation can no longer be tolerated, in light of the continuing deterioration of the port's reputation, will be evident to all present. Therefore, the Port of Halifax Operations bill orders the immediate resumption of longshoring and related operations. The longshoremen will return to work under the terms of the tentative agreement reached on September 25, with the exception of certain contentious items relating to the rules of dispatch. Immediately upon signing of the agreement, Local 269 of the International Longshoremen's Association will draft Rules of Dispatch to cover the outstanding items for submission to, and the approval of, the Maritime Employers Association. The proposed rules of dispatch must be submitted by Local 269 of the ILA to the Maritime Employers Association not later than December 10 of this year. If the Maritime Employers Association agrees with the rules of dispatch as submitted, they will be incorporated into the collective agreement as of January 1 of next year, or as soon as practical after that date.

Should the Maritime Employers Association fail to agree with the rules of dispatch as proposed, or should Local 269 of the ILA fail to submit language on these rules of dispatch to

the Maritime Employers Association by December 10, either or both parties may notify the Minister of Labour, who will appoint an industrial inquiry commissioner to make a determination on these specific items in the dispute. In such event, within 15 days following his appointment the industrial inquiry commissioner shall render an award prescribing rules of dispatch which shall be final and binding on the parties and incorporated into the collective agreement effective January 1, 1977, or as soon as practicable after that date.

There is some detail here which I shall give to honourable senators. It may be additional background, and it is not really too lengthy. Perhaps it should be explained why the bill presently before the Senate departs in at least two aspects from the recommendations in the Minister of Labour's proposed terms of settlement. The first matter concerns the date on which the minister had proposed the rules of dispatch be incorporated into the collective agreement—that is, January 1, 1977. It has been brought to the attention of the minister by the legal officers of the Crown that we must guard against unforeseeable events. The severe illness of the industrial inquiry commissioner is one example of such unforeseen circumstances that would prevent the fulfilling of this obligation. Thus it is thought to be necessary to incorporate into the bill the wording:

> January 1, 1977 or, where in the opinion of the Minister of Labour that date is impracticable, on a date after January 1, 1977 that is designated by the Minister of Labour as the earliest practicable date.

The second change to the original recommendations concerns the person of the industrial inquiry commissioner. In the minister's proposal, which was approved by the union, the commissioner charged with the determination of the four items in dispute was identified in the person of Judge Nathan Green, a provincial magistrate of the city of Halifax. Again, legal officers of the Crown have advised that the industrial inquiry commissioner should not be specifically identified in the bill, should unforeseeable events prevent this individual from accepting or carrying out this important assignment. The Minister of Labour has placed on record that the commissioner he intends to appoint, however, is Judge Green, whose labour relations expertise and knowledge of the matters in dispute—he was the conciliation commissioner—eminently qualify him for this task.

The minister also wishes to assure all concerned that in his mind the date on which the rules of dispatch are to be incorporated into the collective agreement, whether by agreement of the MEA as submitted by Local 269 of the ILA, or as presented by the industrial inquiry commissioner, is January 1, 1977, and both parties have his pledge that he shall see that this is indeed the effective date.

Finally, the government emphasizes that considerable efforts have been made in recent years to transform the port of Halifax into an efficient year-round harbour, and it looks to both employers and workers, who have so much at stake here, to fully cooperate to ensure that the productivity of this port is such as to guarantee its competitiveness.

Honourable senators, I urge your support for Bill C-14, an act to provide for the resumption and continuation of longshoring and related operations at the port of Halifax. I believe you are aware of the fact that there was substantial all-party support for this measure in the other place when it was debated there earlier this day.

Before I resume my seat, I take the opportunity to say how much all of us in this chamber appreciate the fact that Senator Macdonald of Colchester has taken the Chair today, and served in his usual efficient way.

Hon. Senators: Hear, hear.

Senator Riley: Would the Leader of the Government permit a question? In clause 4 of the bill—I do not know if it is proposed to go through it clause by clause—blank spaces occur. We see:

> —on October , 1976 and recorded as document number ,—

Does the leader have that date and number?

Senator Perrault: Officials of the Department of Labour are present, and I shall obtain the details the honourable senator requires. I think they can be provided before the debate is concluded.

• (1530)

Hon. George I. Smith (Colchester): Honourable senators, I rise to support the remarks of the Leader of the Government. I should like to join in his complimentary comments about my colleague from Nova Scotia who now occupies the Speaker's Chair. Although we would like to claim him for Colchester, I have to admit that he is from Cape Breton.

In rising to support the bill, I do not intend to delay the house very long, but there are a few comments I should like to make.

I noted—and I suppose there is no doubt about it—that the Minister of Labour is a strong believer in the efficiency of collective bargaining, and it is only with great regret that he has concluded that in this case legislation must be placed before Parliament in order to deal with what obviously is a very protracted and costly labour dispute. In supporting the bill, I wish to say that I too believe—as I am sure do all of us on this side of the house, and no doubt all honourable senators—in the principle of free collective bargaining. We realize, however, that there are times when things have reached such a difficult stage that matters cannot longer be left to the disputing parties because of the great impact of their dispute upon the public weal.

I do not think the Leader of the Government overstated the adverse effects which this labour dispute has had; nor do I think he exaggerated in the least when he said that those effects have been felt not only in Halifax, Nova Scotia and the Atlantic region, but in Canada as a whole. There is no doubt that if this dispute is left unresolved for much longer, irreparable damage will be done, if indeed it has not already been done, to the port of Halifax and to the economy of the country.

If I have any word of criticism, it is that the decision to produce this kind of legislation came just a little later than it should have—and I am not speaking about the time of day. It seems to me that the appropriate time might very well have been earlier in the dispute. I realize, however, that this is always a matter for judgment, that the Minister of Labour is a man of substantial experience. I therefore accept the fact that he felt—and no doubt he has been kept well informed of the facts—that the appropriate time was not sooner. I wish it had been, and that it might have been possible for him to have reached his conclusion earlier. However, he did not. I am glad that he has now done so, and I am pleased to support the bill.

I dislike always being agreeable in every aspect of a matter before the house, but I have to say that I agree with the Leader of the Government in his opinion of Judge Green. Judge Green is a gentleman who has had very long experience in labour matters, and has served as an arbitrator, and in all the various capacities necessary in these matters, over a long period. I believe he has the confidence both of labour and of management generally in our province.

I look forward therefore with some satisfaction to the probability that Judge Green will, in fact, be the person chosen to deal with this matter.

I shall conclude by saying—and this may also be the wish of the Leader of the Government—that it would be a good thing if we were to pass the bill through all its stages today, so that it could receive royal assent before the day has closed.

[*Translation*]

Senator Côté: Honourable senators, since we have had no time to consider it, I wish to ask the government leader if this bill is very much different from other pieces of legislation which Parliament has adopted in the past. Is it very much different from other legislation which Parliament has already passed to send other workers back to work such as, for instance, Montreal or Vancouver longshoremen, or railway employees? Is the bill now before us quite similar to those other bills or is it different and, if so, in what regard?

[*English*]

Senator Perrault: Yes, it is very similar to legislation which we have seen in the past with respect to ports such as Montreal and Vancouver. It provides an ultimate solution for the resolution of the differences of opinion between labour and management.

The proposal contained in the bill places great reliance on the goodwill of both labour and management; but should it not be possible to obtain that kind of cooperation, a commissioner would then be appointed to ultimately resolve this labour difficulty.

Honourable senators, a question was asked earlier by Senator Riley with respect to page 3 of Bill C-14, which I believe honourable senators now have before them. The date which should have been inserted in clause 4 is October 22, 1976, and the document recorded as number 302-7-3. Those details were not available when the bill was being printed and, because of the time urgency, it was felt important to print the bill and to leave those details until later.

Senator Smith (Colchester): May I have those details again?

Senator Perrault: The date to be inserted in clause 4 of the bill is October 22, 1976, and the document is recorded as number 302-7-3.

I must also apologize to Senator Smith for attempting to appoint two honourable senators for Colchester. I am pleased that Senator Smith drew that inadvertence to my attention.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Perrault: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Senator Smith (Colchester): Agreed.

Motion agreed to and bill read third time and passed.

● (1540)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tem* informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

October 22, 1976

Sir,

I have the honour to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 22nd day of October, at 4.00 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière,
Administrative Secretary to the
Governor General.

The Honourable
The Speaker *pro tem* of the Senate,
Ottawa.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Senator Petten: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, October 26, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned during pleasure.

At 4 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

• (1550)

ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

> An Act to provide for the resumption and continuation of longshoring and related operations at the Port of Halifax.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, October 26, at 8 p.m.

APPENDIX

(See p. 64)

PATRIATION OF THE CONSTITUTION

EXCHANGE OF CORRESPONDENCE BETWEEN THE PRIME MINISTER OF CANADA AND THE PREMIER OF ALBERTA

Edmonton, Alberta.
October 14, 1976

The Right Honourable Pierre E. Trudeau
Prime Minister of Canada
House of Commons
Ottawa, Ontario

My dear Prime Minister:

Further to my letter of September 2, 1976 and my telex of October 4, 1976, I wish to inform you of the outcome of the deliberations by the ten Canadian Premiers on the issues raised by you in your letter of March 31, 1976 relative to patriation of the Constitution from Westminster to Canada.

Your letter of March 31, 1976 outlined three possible options and served as a framework for our deliberations. The provinces agreed in May 1976 to proceed with an examination of all three options. You will recall that your option 3 includes patriation, an amending formula and a number of other substantive changes to the British North America Act which were contained in the draft proclamation appended to your letter of March 31, 1976. You will also recall that when the premiers had private discussions on this matter at your residence during the evening of June 14, 1976, you indicated that you would be prepared to accept any proposal which had been unanimously agreed to by the provinces.

At the same time, you indicated that you hoped we could consider the matter over the summer and report to you early in the fall as to the outcome of our deliberations and discussions.

As Chairman of the Annual Conference of Premiers, I would like to now deal with the matters as they were outlined in your letter of March 31, 1976.

Patriation

All provinces agreed with the objective of patriation. They also agreed that patriation should not be undertaken without a consensus being developed on an expansion of the role of the provinces and/or jurisdiction in the following areas: culture, communications, Supreme Court of Canada, spending power, Senate representation and regional disparities. Later in the letter I will endeavour to give you some idea of our discussions on the above matters.

Amending Formula

Considerable time was spent on this important subject and the unanimous agreement of the provinces was not secured on a specific formula. Eight provinces agreed to the amending formula as drafted in Victoria in 1971 and as proposed by you in your draft proclamation. British Columbia wishes to have the Victoria Formula modified to reflect its view that British Columbia should be treated as a distinct entity with its own separate veto. In this sense it would be in the same position as Ontario and Quebec. Alberta held to the view that a constitutional amending formula should not permit an amendment that would take away rights, proprietary interests and jurisdiction from any province without the concurrence of that province. In this regard, Alberta was referring to matters arising under Section 92, 93 and 109 of the British North America Act.

Matters Unanimously Agreed To

A number of matters were dealt with and unanimously agreed to. Specific texts were considered and given approval, subject to revision by draftsmen.

a) A greater degree of provincial involvement in immigration.
b) A confirmation of the language rights of English and French generally along the lines discussed in Victoria in 1971.
c) A strenghtening of jurisdiction of provincial governments of taxation in the areas of primary production from lands, mines, minerals and forests.
d) A provision that the declaratory powers of the federal government to declare a particular work for the general advantage of Canada would only be exercised when the province affected concurred.
e) That a conference composed of the eleven First Ministers of Canada should be held at least once a year as a constitutional requirement.
f) That the creation of new provinces should be subject to any amending formula consensus.

As already mentioned under the remarks on patriation, the provinces were of the view that while patriation was desirable it should be accompanied by the expansion of provincial jurisdiction and involvement in certain areas. The Premiers believed that discussions on these matters should be held with the federal government because they involve the federal government to a significant degree.

a) Culture—You will recall that culture was referred to in Parts IV and VI of the draft proclamation. The interprovincial discussions on culture focused on the addition of a new concurrent power to be included in the Constitution. This power would refer to arts, literature and cultural heritage and would be subject to provincial paramountcy. On this matter, there was a high degree of consensus on the principle and considerable progress was made with respect to a solution. There was also, however, firm opinion from one province that the provinces and the federal government should have concurrent jurisdictional powers in the area.
b) Communications—In the draft proclamation, communications was referred to in Part VI. Discussions on this subject related to greater provincial control in communications, particularly in the area of cable television.
c) Supreme Court of Canada—In general, discussions on this topic developed from those articles found in Part II of the draft proclamation. The provinces unanimously agreed to a greater role for the provinces in the appointment of Supreme Court judges than provided for in the

draft proclamation. In addition, a number of other modifications were suggested to the provisions found in the draft proclamation.

d) Spending Power—Discussion on this matter focused on the necessity and desirability of having a consensus mechanism which must be applied before the federal government could exercise its spending power in areas of provincial jurisdiction.

e) Senate Representation—Discussion on this subject related to British Columbia's proposal that Senate representation for that province be increased.

f) Regional Disparities and Equalization—In the draft proclamation, Regional Disparities was referred to in Part V. The discussions on this topic focused on the expansion and strengthening of this section to include a reference to equalization. There was unanimous agreement on the clause contained in the draft proclamation and a high degree of consensus on incorporating clauses in the Constitution providing for equalization.

Other matters were discussed, but it was felt by the Premiers that their deliberations had been of a preliminary and exploratory nature. As such, in any future meeting it is possible that individual provinces may present additional suggestions for consideration.

The Premiers were of the view that significant progress on this complex matter had occurred. It was felt that further progress would require discussions between the provinces and the federal government. It was concluded by the Premiers that the next step should be for you to meet with the Premiers and develop the discussions reflected in this letter. The Premiers felt that it would now be appropriate for them to accept your invitation for further discussions in the near future, at a mutually agreeable time.

Given the importance of this subject and the reference to it in your Throne Speech of October 12, 1976, the other Premiers may wish to join with me in tabling this letter before our respective provincial legislatures or otherwise making this letter public on October 20, 1976. If you have any objection could you please advise me forthwith.

Yours truly,

Peter Lougheed

PL/ww

cc. Honourable William Bennett
Honourable Allan Blakeney
Honourable Edward Schreyer
Honourable William Davis
Honourable Robert Bourassa
Honourable Frank Moores
Honourable Gerald Regan
Honourable Alex Campbell
Honourable Richard Hatfield

Ottawa,
October 18, 1976.

My dear Premier:

Thank you for your letter of October 14th advising me of the outcome of discussions on the Constitution by the Premiers of the provinces at the meetings in Edmonton and Toronto.

As I am leaving on an official visit to Japan tomorrow, I thought it desirable to send you a short reply forthwith, although, as you will appreciate, I have had no opportunity to give detailed consideration to the far-reaching matters that are raised in your letter or to discuss them with my colleagues in any way. I note, however, that you, and possibly the other Premiers, contemplate making your letter public on October 20th. That will be during my absence in Japan but I have no objection whatever. I shall ask Mr. MacEachen, as Acting Prime Minister, to table your letter in Parliament on the same day along with this reply.

I have noted the conclusion by the Premiers at the Toronto meeting that the desirable next step would be to meet with me. I would be glad to join in such a meeting and hope it can be at an early date. I will be in touch with you and the other Premiers after my return in order to suggest an appropriate time.

Without attempting at this time to deal with the matters referred to in your letter, may I say that I am disappointed that the meetings of Premiers do not seem to have brought matters much closer to a solution. We had agreed in April, 1975, that we would see if "patriation" with an amending formula, could be achieved without getting into the distribution of powers. Your letter suggests to me that the Premiers, at their meetings, seem to have turned the process upside down and to have concentrated on increasing provincial powers without agreeing either on a basis for "patriation" or on a procedure for amendment. Beyond saying that the objective of "patriation" is a desirable one, your letter merely states circumstances where "patriation should not be undertaken".

My comment at our dinner last June, to which you refer, about being prepared to accept any proposal unanimously agreed to by the provinces was, of course, made in the context of what we were trying to achieve—"patriation", with an amending procedure, without becoming deeply entangled in the distribution of powers. As you, yourself, put it in the second paragraph of your letter, the "substantive changes" referred to in "Option 3" in my letter of March 31st were not to stand alone, but were to be part of a whole which "includes patriation (and) an amending formula". I make this point without attempting to limit the kind of things we might wish to

discuss at our forthcoming meeting. You will appreciate, however, that I cannot consider myself to be committed in advance to anything the Premiers may seem to have agreed upon, when the points of agreement are entirely apart from the central objective of the entire exercise.

Finally, I note that on page 4 of your letter, you indicate that "in any future meeting it is possible that individual provinces may present additional suggestions for consideration". May I suggest, in return, that our further meeting may prove of little purpose if the provinces merely seek to gain powers rather than return to our central pursuit of "patriation" and an amending formula?

Sincerely,

P. E. Trudeau

The Honourable Peter Lougheed,
Premier of Alberta,
Legislative Building,
Edmonton, Alberta.
T5K 2B7

THE SENATE

Tuesday, October 26, 1976

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE FREDERICK M. BLOIS

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Léopold Langlois: Honourable senators, I have the honour to inform the Senate that the Honourable Senator Frederick Murray Blois has resigned from the Senate as of October 12.

On behalf of the members on this side of the house I should like to pay tribute to our esteemed colleague Senator Blois. We deeply regret that ill health has robbed this chamber of a man who has been one of its most distinguished representatives for over 16 years. However, it is typical of Senator Blois that he felt he could not continue because he could not give 100 per cent of himself to his work here. Our colleague is that sort of man. It is this attitude of giving nothing but his best that has accompanied Senator Blois throughout his business and political career.

He was an experienced and successful businessman and a notable public servant both in civic and provincial politics. It was a happy day for this chamber when he was summoned to the Senate in 1960. He served diligently and purposefully on various committees, Banking, Trade and Commerce, Agriculture, Transport and Communications, and Science Policy. To all of them he brought an analytical mind and a capacity for hard work. Above all, he is a gentleman.

On behalf of the Leader of the Government and my colleagues, I wish to say that we have missed his presence these last few months. We will miss it all the more in the future. His resignation leaves a large gap in this chamber.

Hon. Allister Grosart: Honourable senators, it is my pleasant duty on this occasion, on behalf of the Leader of the Opposition and those of us in this group who will most miss the presence and the wise counsel of the Honourable Fred Blois, to thank the Acting Leader of the Government for the tribute he has paid to Fred Blois and for the opportunity he gives us to say something about the importance of the 16 years of Senator Blois's service in the Senate of Canada. It is not for us to question his decision, under the circumstances, to resign from the Senate. However, we are all aware that he will continue his interest in the public affairs of Canada, and particularly those of his beloved Nova Scotia and the County of Colchester and the constituency of Colchester-Hants, in which he was born and to which he devoted so many and so much of his talents over the years.

While we may regret his decision, I think we can all understand why Fred Blois has made this decision. He has not been in good health for some time and he is now in his eighty-fourth year.

As the Acting Leader of the Government has said, it is typical of Fred to make this kind of decision under these circumstances. If ever there was a man who was entitled to pass on the mantle of public service to others, surely it was Fred Blois. His career in the public service goes back at least 45 years to the time when he first became a member of the council of his native Truro, and over the years he, of course, represented Colchester in the provincial legislature, becoming Leader of the Opposition, and, if I may say so, having a great deal to do with the change of government which came about there subsequently, after he had ceased to be Leader of the Opposition.

If my remarks seem brief it is only because I am so fully aware that in this chamber this evening are those of his colleagues who knew him more intimately than I did, although I have known him well for many years. I refer, of course, to Senator John Macdonald, his roommate, seatmate, and his very close and dear friend and, of course, to Senator G. I. Smith, who has the unique distinction of having had Fred Blois as his executive assistant at a time when Senator Smith (Colchester) was a cabinet minister in Nova Scotia. It is perhaps typical of Fred Blois that after having held the high office of Leader of the Opposition in the Nova Scotia Legislature, he came back in an emergency and agreed to become the executive assistant of a cabinet minister considerably younger than himself. I am quite sure that we will have appropriate tributes paid to Senator Blois from those two very great friends of his.

Senator Blois was distinguished, I am sure, by those qualities that tend to endear us to men. If we say this evening how much we are going to miss him, not merely in this group, but, I am sure, in the Senate as a whole, it will be something that his modesty, which is part of his great charm, would lead him to deny or disbelieve. But we shall miss him. He had that quality of charm, of warm charm, that made him friends in all parts of the house. I am sure that all honourable senators join with me in wishing him a long and continued career, and interest and concern, in the public life of Canada. Although he has decided to pass on the mantle as far as serving the public life in Canada through the Senate is concerned, certainly he will continue that intense interest he has always had in the welfare of Canada, his county, his constituency, and his province.

This is not an occasion on which we extend condolences. Fred Blois has not left us. Honourable senators will, I am sure, be glad to know that there are some of us who are already

arranging to have what we would all expect to have for Fred Blois, a party, in the near future. He will be back, and I hope at that time all of us will be prepared to join us in giving him, not a last hurrah, but the kind of hurrah that his service in this Senate deserves.

Hon. John M. Macdonald: Honourable senators, I, too, thank the Acting Leader of the Government and the Acting Leader of the Opposition for the very kind references they have made to Fred Blois.

The *Parliamentary Guide* gives a sort of bare bones account of his career. It tells us, for example, that for 40 years he was the General Superintendent of Stanfields Ltd. of Truro; that he was a member of the town council for many years; that he was Deputy Mayor; that he was a member of the Legislative Assembly and House Leader of the Opposition in the Nova Scotia Legislature for a number of years; and also that he became executive assistant to the Honourable G. I. Smith, when he was Minister of Highways. All that, of course, only emphasizes this: That the people who knew him best in his home town of Truro liked him and respected him, and had confidence in him. He served them well, and they were glad to be served by him. Apart from all that, he was a great Nova Scotian.

● (2010)

I should like to mention something in a more personal way. Senator Blois and I have been great friends for many years. Fred was fond of saying that he and my father were good friends, and that was true because they were both members of the Legislature of Nova Scotia at one time. My father, of course, in those days, was a much older man than Fred, but Fred liked to bring to people's attention the fact that I was, as it were, the second generation of Macdonalds to be friends of his.

Senator Bourget: You look so young, of course.

Senator Macdonald: Perhaps that's it.

We first got to know each other pretty well when he was executive assistant to the Minister of Highways in Nova Scotia. I was a member of the legislature representing that great constituency of Cape Breton North. As you may imagine, I was greatly interested in getting new and improved highways for that constituency, and Fred and the Honourable G. I. saw that I did get a considerable amount of that kind of work, though not as much as I thought I should have obtained. However, ever since then Fred and I have been great personal friends. He came here in 1960 and I came a few months later. We have shared an office ever since; we have many things in common, and we have got along well together.

Fred was this type of man: in all these years I have never known him to say a harsh word about anyone. He is a friendly man, and a man who has certainly enjoyed the companionship and friendship of this chamber. He has strong political views, but he never allowed those views to interfere with his personal friendships. I think the members here from Nova Scotia will bear that out. He is a man who likes people, and I know he is going to miss being here, because he enjoyed not only the work of the Senate, but the atmosphere of the Senate. He enjoyed the friendships he made here and the companionships which we all have, apart from politics, one to another.

While we regret that he felt it was necessary for him to resign, I do think that his retirement is going to be a very active one. I am sure that in his home town of Truro he will once again take an active part in community life and community affairs.

Personally, I am going to miss him greatly. There is no question about that, because I cherish his friendship and I think he liked me too. While it is a matter of regret to me that Fred felt he must resign, I do wish him well and hope that he will have a long and happy retirement.

Hon. George I. Smith: Honourable senators, perhaps I might be permitted a word or two about the Honourable Fred Murray Blois, since I have known him for nearly half a century, and since I have been privileged to enjoy his friendship and association with him in many walks of life, particularly in political life, during most of that time.

I want to extend my thanks to the Acting Leader of the Government in the Senate, the Acting Leader of the Opposition in the Senate and to Senator Macdonald for their very kind and yet not in any way exaggerated words about the career of this very distinguished Nova Scotian.

I do not know which facet of his many-sided service to his fellow man it would be best to emphasize now. One could think of almost any kind of activity of a helpful, useful and honourable nature and one would find that Fred, at some time in his life, had been of service to his fellow citizens in that respect.

It has already been noted by previous speakers how prominent a part he took in all the life of his community. He was at various times chairman of the school board, president of the rotary club, president of the curling club, a very active Mason, twice elected to the House of Assembly of Nova Scotia, Leader of the Opposition in that house for, I think, something like five years. He fought a very vigorous election for the House of Commons, which he did not win, but in which I had the honour of being his campaign manager. I think I can say that in politics he and I have fought together every election for either the House of Commons or the Nova Scotia House of Assembly since 1930, except during the years of the war.

It will be seen that I came to know him, appreciate him, admire his qualities and esteem his person and his spirit in a very warm and intimate way.

The Acting Leader of the Opposition in the Senate referred to something which, he said, illustrated the kind of spirit Senator Blois has always exhibited. It is quite true that he had just retired from 40 years of successful work at Stanfield Limited as General Superintendent at a time when the people of Nova Scotia chose to change their government. I had the privilege of then becoming the Minister of Highways and, as you may have gathered from the few brief words Senator Macdonald said on this point, in those days this was not an easy task. With the change of government there was indeed a

great turbulence in the province in the realm of highways, and as I turned to look for someone of experience, as well as ability, to help me I thought of Fred Blois. I was almost afraid to ask him to take the position as my executive assistant. However, I explained my problem to him, and in almost less time than it took me to explain it he had decided that he would give me a hand, and a very effective hand it was.

With those who have spoken I express my deep regret that his health, which has served him so well for so long, has made it necessary for him to resign from this distinguished body. I was not here very long during his tenure of office, but from everything I have heard about his time in the Senate, it seems to me that he must have been a man of many parts and terrific energy to have accomplished what he did.

Fred Blois was, and still is, a splendid servant of the public in the best sense, a great gentleman, a wonderful husband and parent and a loyal friend. I want to thank him publicly, as I have done so many times privately, for his great help to me. I thank him, too, on behalf of his fellow citizens of the community in which he and I both live for the great service he has rendered them in so many ways over the years. We will all miss greatly, I am sure, his lively, cheerful and able presence here. I extend to him my very warmest good wishes and look forward to many years of active association with him in his retirement.

● (2020)

Hon. Senators: Hear, hear.

Hon. Margaret Norrie: Honourable senators, I should like to join with the other members of the Senate who have spoken of Senator Blois's resignation. I should like to praise him as one of the honourable men who come from Nova Scotia. His work in the province and in the Senate has been outstanding, and I wish to add my words of commendation for one who has been so devoted to the public throughout all his days. With those few words I join the others in conveying to Senator Blois the regret we feel in hearing of his resignation from this chamber.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of the Textile and Clothing Board, dated May 28, 1976, on an inquiry respecting sweaters, cardigans and pullovers.

Report of the Textile and Clothing Board, dated June 1, 1976, to the Minister of Industry, Trade and Commerce, pursuant to section 19 of the *Textile and Clothing Board Act*, Chapter 39, Statutes of Canada, 1970-71-72, respecting hosiery.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the *Anti-Inflation Act,* Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. The Saint John Shipbuilding and Dry Dock Co. Ltd., and its employees, dated September 8, 1976.

2. The Cyprus Anvil Mining Corporation and its employees represented by the United Steel Workers of America, dated September 1, 1976.

3. The Government of Canada (Treasury Board) and the group of employees known as the Biological Sciences and Forestry Groups, dated August 18, 1976.

4. The Transcona-Springfield School Division No. 12, Transcona, Manitoba, and the employees represented by the Transcona Springfield Bus Drivers Association, dated August 18, 1976.

5. The London Public Utilities Commission and the employees represented by the Canadian Union of Public Employees Local 4, dated October 13, 1976.

6. The Government of Canada (Treasury Board) and the Agricultural Group of the Federal Public Service, represented by the Professional Institute of the Public Service, dated September 8, 1976.

7. Acklands Limited, George Taylor Hardware Division and the employees represented by Northern Ontario and Quebec District Union of the Retail, Wholesale and Department Store Union, dated August 27, 1976.

8. The United Counties of Stormont, Dundas and Glengarry and their Executive and Non-Union Employees, dated August 18, 1976.

9. Cochrane-Dunlop Hardware Limited, North Bay, Ontario, and the employees represented by the Retail, Wholesale and Department Store Union Local 579—AFL-CIO-CLC, dated August 18, 1976.

10. Federated Co-Operatives Limited, Smith Division, and the employees represented by the International Woodworkers of America, Local 1-207, dated August 18, 1976.

11. Stanton Yellowknife Hospital, Yellowknife, Northwest Territories and its Nursing Personnel, dated August 13, 1976.

12. The Liquor Control Commission of Manitoba and the employees represented by the Manitoba Government Employees' Association, dated July 19, 1976.

13. The Government of Canada (Treasury Board) and the Aircraft Operations Group represented by the Professional Institute of the Public Service, dated July 13, 1976.

14. Corporation of the County of Grey, Ontario, and the employees represented by Local 1530 of the Canadian Union of Public Employees, dated August 6, 1976.

15. The Lincoln County Board of Education, St. Catharines, Ontario and the employees represented by the Canadian Union of Public Employees, Local 152 'A', dated August 6, 1976.

16. The Lincoln County Board of Education, St. Catharines, Ontario, and the employees represented by the Canadian Union of Public Employees, Local 152 'B', dated August 6, 1976.

17. The Cargill Grain Company Limited, Baie Comeau, Quebec, and the employees represented by the National Union of Employees of Cargill Grain Company Limited (CNTU), dated September 23, 1976.

18. La Compagnie d'Assurance Générale de Commerce, Saint-Hyacinthe, Quebec, and their office employees and their directors and assistant directors, dated October 1, 1976.

19. MacMillan Bloedel (Alberni) Ltd., and their employees represented by the Office of Technical Employees Union Local 15, dated October 1, 1976.

20. Consolidated Maintenance Services Limited, Toronto, Ontario, and its Maintenance Employees represented by the General Presidents' Committee for Plant Maintenance in Canada, dated October 1, 1976.

21. Catalytic Enterprises Limited, Sarnia, Ontario, and its Maintenance Employees represented by the General Presidents' Committee for Plant Maintenance in Canada, dated October 1, 1976.

22. The Frontenac County Board of Education and the employees represented by The Frontenac County Women Teachers' Association and Frontenac District of the Ontario Public School Men Teachers' Federation, dated September 23, 1976.

23. The Blue Water Rest Home, Zurich, Ontario, and the employees represented by Local 210 of the Service Employees Union, dated September 23, 1976.

24. Northumberland and Newcastle Board of Education and its Senior Administrative Staff, dated September 23, 1976.

25. The Essex County Board of Education and the employees represented by the Ontario Secondary School Teachers Federation District 34, dated September 23, 1976.

26. Dorval Diesel Limited and the employees represented by the International Union, United Automobile Aerospace and Agricultural Implement Workers of America (U.A.W.) Local 1450, dated September 23, 1976.

27. Dorval Diesel Ltée, Dorval, Quebec and the employees represented by the Dorval Diesel Employees Union (CSN), dated September 23, 1976.

28. The Anthes Equipment Limited, 2293 Douglas Road, Burnaby, British Columbia, and the employees represented by the Teamsters Local 213, affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, dated September 23, 1976.

29. The Department of Treasury Board, Government of New Brunswick and the New Brunswick Provincial Court Judges and the Chief Judge of the Provincial Court of New Brunswick as represented by a designated employee, L. C. Ayles, dated September 22, 1976.

30. The Edmonton Public School Board and the employees represented by the Canadian Union of Public Employees Local 784, dated Septmber 22, 1976.

31. The Hydro Electric Commission of the Borough of Etobicoke and the employees represented by the International Brotherhood of Electrical Workers, Local 636, dated September 22, 1976.

32. Mussens Equipment Limited and their Office and Plant Employees represented by the International Union of United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.), Locals 1450 and 1044, dated September 22, 1976.

33. The Oxford County Board of Education, Woodstock, Ontario, and its executive personnel (Non-Union), dated September 22, 1976.

34. The Unifin Division, Keeprite Products Limited and the employees represented by the United Automobile, Aerospace, Agricultural Implement Workers of America, Local 27, dated September 16, 1976.

Copies of First Year Report of the Anti-Inflation Board.

Public Accounts of Canada, Volume III for the fiscal year ended March 31, 1976, pursuant to section 55(1) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Copies of Order of the Administrator under the *Anti-Inflation Act*, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between The Northumberland and Newcastle Board of Education and the group of its eight senior administrative officers. Order dated October 21, 1976.

THE CROWN

REVENUES—QUESTION

Senator Forsey: Honourable senators, I should like to address a question to the Acting Leader of the Government, in the absence of the minister. I think he will probably have to take this as notice, in spite of his vast knowledge of the law. Has the Crown any casual revenues or any revenues not provided by Parliament? I assure the Acting Leader that I am not asking this out of idle curiosity. Something has come to my ears which made me wonder what exactly is going on and I would like to be assured by the highest authority of what the legal position is in this regard.

Senator Langlois: I would be very pleased to take this question as notice and revert to it at a later stage.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, October 21, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply thereto.

Hon. David Walker: Honourable senators, the Throne Speech this year is important not for what it contained but for what it did not contain. We can be sure, I think, that new legislation which we have not yet heard about will be presented in the current session.

I am therefore going to ask honourable senators, in all sincerity, because to my mind we are all in the same boat, to turn their minds with me tonight to the future of the Senate.

I would respectfully suggest that it is about time we answered, or at least discussed in depth, the government white paper of 1969, prepared no doubt by the Prime Minister, and the recommendations of the Special Joint Committee on the Constitution of Canada brought forward in 1972. When we are presented with legislation, it is to be hoped that we shall at least have crystallized our thinking on some important matters, and not have the legislation, whatever it might be, suddenly descend upon us.

May I speak first about the lopsided Senate. It is really a pity to see the lack of balance in the Senate. At the present time there are 87 members of the Senate out of a possible 104, so there are 17 vacancies to be filled. There are only 15 Conservatives, two Independents, one Independent Liberal, and one Social Creditor.

I understand that the Prime Minister is quite concerned about this problem, and I say publicly that I believe we all appreciate the interest taken by Senator Perrault, the Leader of the Government in the Senate, in this matter. He realizes that it is a major problem; one that has to be eased in some way, and solved if possible.

I understand also that there has been a rule of thumb arrangement with the Prime Minister by which when a Tory resigns another Tory takes his place. I believe that has happened—how many times?—about twice. We have with us in the Senate Senator Smith, the former Premier of Nova Scotia, as a witness to that. However, when someone dies, the situation is different. I do not quite know what that difference is between dying and retiring, so far as any vacancy is concerned.

For instance, the much admired Senator Blois has retired, and he did so in the hope that a Tory will take his place. He did not wait until he died, in the hope that it would happen after his death. Senator Grattan O'Leary, on the other hand, was seriously ill, and just holding on to life. He was, of course, one of our greatest senators, but he died before resigning.

I hope that the Leader of the Government will convey to the Prime Minister the view of most of the members of this house that those two vacancies in the Senate should be filled by Conservatives.

Hon. Senators: Hear, hear.

Senator Walker: At this time, I pay tribute to Senator Blois, a most remarkable gentleman from Nova Scotia. There is something about the people from the maritimes which distinguishes them from other Canadians.

This is an important question, to my mind, and I would ask honourable senators to give it some thought. I repeat that we are all in the same boat. We want to see a good, efficient Senate, but how can we 15 stand up to the 68 on the other side? I hope that honourable senators understand my point. This is the way we feel so often. We become embroiled in legislation such as the *Time* magazine bill, as I now call it, and it was almost impossible for us to win, or even to get anywhere, although we finally did because the chairman of the committee was instrumental in making an arrangement with the government for amendments to be made.

It is discouraging to try to do all the work that falls upon us because of the fact that we are few in number, and, at the same time, be enthusiastic about fighting those on the other side who represent a very powerful government body.

The Prime Minister is getting hell every day from most Canadians but, on the whole, I pay tribute to him. In my opinion, he has done remarkably well in the appointments he has made to the Senate. I would respectfully suggest to honourable senators that we have as fine, if not better, a body of senators as we have ever had since Confederation. That is true. I had prepared a list of them, but my wife said, "No, don't use that because you are sure to miss someone and they might be offended," so I shall not read it. However, I shall just ask you to look at the senators here at the present time. I shall not name any of them, but look at the distinguished people we have. They are not here because they cannot do anything else; they are here to make a contribution to Canada through the distinction they have achieved as professional men and as most able and brilliant businessmen. We have here leaders in finance, farming, mining, engineering, medicine and law. The Senate is comprised of an amazingly able group of people from all over Canada, representing the provinces and the territories in an admirable way, and in probably a far better way than would have been the case if they had been elected.

• (2030)

I would also point out, honourable senators, that we have here in our midst 17 Privy Councillors, and we should keep in mind that to be nominated a Privy Councillor is the greatest honour the Queen can bestow. It is an honour that is bestowed because of services to our country. Thirteen of these have been federal cabinet ministers, and they must have a certain amount of ability to achieve that distinction. One is a former Speaker of the House of Commons. We have five former provincial premiers, and that too is a distinction. Three of them were nominated Privy Councillors during Centennial Year. As I have said, we have a very distinguished group here, and I would ask you not to forget that as you listen to what I am going to say later on.

My first question is: Can the Constitution as it affects the Senate be changed, and can the Senate be abolished? And, of course, the answer is yes, it can. I do not need to go into the

particulars of this at this time, honourable senators, because my distinguished colleague, Senator Forsey, discussed this matter in detail one day. Ever since 1949 Canada has been able to amend its own Constitution regarding federal affairs, but not in regard to provincial affairs. Head 1 of section 91 of the British North America Act, 1949 sets out the exceptions to Canada's powers, and these exceptions do not include the Senate. So, a vote of the House of Commons and of the Senate could bring about the end of the Senate. Then, of course, the question arises: Would the Senate itself vote for that? I think that even if it were dragooned it would not so vote. But even if the Senate should so vote—that is, vote for its own abolition—the provinces would not allow it. I say that because the Senate has been, since Confederation, the protector of the weak and the people who do not have proper representation. They get a square deal through the Senate. This is regarded all over Canada as being one of the assets of the Senate and so, as I say, even if the Senate were to vote, under pressure, for its own abolition, the provinces just would not allow it. I personally am satisfied that its abolition could not happen.

However, honourable senators, there are really many more basic reasons for not abolishing the Senate, the most important being that it is not practical to do so. Why? Because the Senate acts as a check on the other place, and goodness knows it needs to be checked. There are altogether too many individual units and too many regional interests in Canada depending on the Senate to make practical the operation of a one-chamber system. Keep in mind that we have a country that is 4,000 miles wide, with powerful provinces and weak provinces, not to speak of weak territories. We just could not leave this country to the mercy of the House of Commons. By that I am not implying that the House of Commons does anything but what it thinks is best, but many of the weaker elements in the country would be badly crunched and badly squeezed without the protection of the Senate. It is also interesting to note that, quite apart from what we think, the rest of the democratic world is also in favour of having two houses of Parliament. The parliaments of Great Britain, the United States, France, Italy and Ireland—yes, even Ireland—are bicameral.

Senator Choquette: Why "even Ireland"?

Senator Walker: Because they can fight in two places at the same time, I guess.

But, all joking aside, honourable senators, every one of the dominions with the exception of New Zealand has a second chamber, and that fact speaks for itself.

In addition to that we can take the government white paper of 1969, written, I think, by the Prime Minister because it seems to be his prose, and that is in favour of retaining the Senate. The Special Joint Committee on the Constitution of Canada, of which many of you were members, was unanimous in favour of retaining the Senate. It is significant to note as well that at no federal-provincial conference was it ever suggested that the Senate should be abolished, and never has there been any criticism of the Senate at any of the federal-provincial conferences. In other words, although we do not get much publicity because we work efficiently rather than on a partisan basis, and so are not good copy for the newspapers, I have noticed that year after year—and I have been here for 13 years—the volume of work in the Senate has increased, and the type of work done and the expertise of the Senate has grown and is still growing every year. It is now at a higher pitch of efficiency, capability and activity than it has ever been before.

But that has not happened without reason, honourable senators. We have had some good leaders. I must give great credit to the late Senator Aseltine, who was a tremendously able leader, and also to the late Senator Ross Macdonald, who was another remarkable and fine man. The Honourable John Connolly, who is even now in hospital awaiting open heart surgery, was, to my mind, a tremendously able and conscientious leader.

Hon. Senators: Hear, hear.

Senator Walker: He was not at all egotistical as leader, and yet he had more earned degrees than any other member of the Senate. Many of us get our degrees *honoris causa*, but he really earned his. As the leader he was a human, kindly, good man, and simply because he was John Connolly, because he was the man he was, I used to work harder.

Then there was the Honourable Paul Martin, who also made an amazing contribution to the Senate. He came here intending to do all sorts of things, but did not accomplish many of the things he wanted to accomplish. Nevertheless, he was—and I say this with all respect to my great friend and colleague, Senator Jacques Flynn—a remarkably able person. I think I am speaking for all in this chamber when I say that we miss Paul Martin.

Hon. Senators: Hear, hear.

Senator Walker: I now come to our present leader, with whom I do not always get along very well, but I respect him as being one who is doing his best for the Senate and who is cognizant of the problems we have, particularly with respect to getting the sides more evenly divided and getting more members on the opposition side. He is, as I have said, a very fine man, and I noticed particularly the ability with which he handled all the trouble we encountered on the *Time* bill.

Senator Greene: Would the honourable senator permit a question?

Senator Walker: Certainly.

Senator Greene: The honourable senator has eulogized the Senate as being the strongest in history. He is one of the leading counsel in the courtrooms of Canada, and he is used to dealing in logic. If this is the strongest Senate in the history of Canada, would he not consider it wise to maintain the present proportions and keep it as strong as it presently is?

Senator Walker: Touché. Let me say, honourable senators, that this body would be very much weaker if Senator Joe Greene were not here.

Hon. Senators: Hear, hear.

Senator Walker: If this is so, and Senator Greene admits that it is so, what work does the Senate do to make it so indispensable? I will be brief with this, because most of you know it, but I want it to be on the record. In the first place, the House of Commons cannot get along without the Senate. That is a truism under the present working arrangements. Of the bills passed during the last session, 27 were introduced in, and passed first by, the Senate, after which they went to the House of Commons. The Senate then amended six of the bills sent over by the House of Commons, and one of them, the Canada Corporations Bill, through the efforts of the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, was amended in 27 places. Twenty per cent of all government bills originate in the Senate, and that percentage is increasing each year.

● (2040)

The next question is: How does the Senate do this work which makes it so essential? Well, there are the nine standing committees, each of them chaired by a most able senator. These committees, which make detailed studies of all bills, are Banking, Trade and Commerce, National Finance, Foreign Affairs, Legal and Constitutional Affairs, Rules, Transportation, Health, Welfare and Science, and Internal Economy. Then there have been special committees appointed to study such subjects as narcotics, human rights, national housing, poverty—and I have always called that one Senator Croll's committee—land use, inflation, manpower and aging. You know, it would not be at all inappropriate to use a slang expression and say, "You name it, we've got it or we've done it." This is amazingly so.

How does a committee operate? Again I shall be brief. Every bill, whether it originates in the Senate or the House of Commons, is considered by one or other of our committees: and I say this—because usually I eat with at least the Tory members of the House of Commons in the diningroom upstairs at noon each day—that I know the members have learned to rely on the Senate to correct the bills which the House of Commons passes, and to date they have accepted almost all the amendments we have made.

The House of Commons needs the help of the Senate. It already has far more work than it can do, because of its long sittings and the multiplicity and complicated nature of the legislation with which it has to deal. Each year that goes by finds more and more cooperation between the Senate and the House of Commons. No longer in the House of Commons do you hear the sort of derogatory remarks I used to hear when I was there—"Those old so-and-sos in the Senate." You do not hear that any more. Now they respect the Senate more than any House of Commons ever respected it in the past.

It is because the Senate is not an elected body that it can consider the real merits of legislation. The Senate is not swayed by the legislation's ability, or lack of it, to collect votes. We do not have to think about that. We have to think about nothing except whether or not it is good legislation.

As you know, these committees, presided over by the able senators about whom I spoke earlier, generally speaking have more expertise than committees of the House of Commons. Let us make no mistake about that. The members of these Senate committees have had greater experience, and they have more time to develop that expertise. As a result of this they are able to function more efficiently. They can summon witnesses from all over Canada, as well as the appropriate cabinet ministers and senior government officials, to give evidence about a bill before a committee at a particular time. The bill is then considered clause by clause, and any necessary amendments are made before the bill is returned to the Senate.

I suggest to you, therefore, that it is no wonder that, in terms of priority, Senate committee work ranks very high. It is right at the top of the work on Parliament Hill.

Now, it is not the fault of the members of the House of Commons that they do not match the Senate in this regard. The turnover of members of the House of Commons is quite extensive because of elections. Moreover, they have not the time to do the work which the Senate does. They have too many other things to occupy their attention, including taking care of their respective constituencies.

Another aspect of Senate committee work is the amount of preparation which must be done my members of committees before they even attend committee meetings. You know yourselves that it is sometimes necessary to read voluminous briefs, which may actually take hours, but if this preparation is not made it is impossible for the committee members properly to examine or cross-examine witnesses. Again, at peak times, committees of the Senate are sometimes forced to work morning, afternoon and evening.

A Senate committee presents a more judicious milieu in which to work than any committee of the House of Commons could. Why would it not? The members of the committee do not need to worry about such things as pleasing their constituents; they do not have to wonder, "Am I doing that which is going to appeal to the voter? Am I going to please the cabinet? Am I going to spoil my chances of promotion?" No, we do not need to worry about such things, and, for that matter, most of us cannot be promoted any further anyway. So all we try to do—and I say this sincerely—is the best we can under all circumstances.

I remember well as a cabinet minister having some foreboding about appearing before a Senate committee concerning public works matters about which they were to question me. It was a great surprise to me to be so well and intelligently treated. I believe my experience as a cabinet minister must have been the same as Senator Joe Greene's, and it must be the same as the experience of the present-day cabinet ministers.

Another interesting question is: What power has the Senate? It has tremendous power. I doubt that the public actually appreciates the power the Senate has. Since 1867 the concurrence of the Senate to any bill has been necessary, and that does not exclude money bills. We hear so much about the Senate's not handling money bills. We pass money bills, and we could, in fact, reject or veto them or simply cut the

amounts in them. Under section 53 of the BNA Act it is not for the Senate to initiate money bills, either by way of appropriation of money or for the imposition of taxes. Quite properly, such bills must all originate in the House of Commons, because they represent the voters from whom the taxes are collected. It is natural, therefore, that a money bill should be initiated and handled first in the House of Commons.

I wish now to say just a word in passing about the salaries of senators. Senators receive a salary of $24,000 a year, and $5,300 a year in expenses to reimburse them in part for the extra cost of living so much of the time in Ottawa. In other words, a senator's salary is approximately equivalent to that of a first rate plumber, and it is perhaps $1,000 more than that of a high school teacher—at least, a high school teacher in Toronto. High school teachers receive $23,000 a year when they have been teaching for 11 years, which, I suppose, may be higher than in other parts of the country. But then I think of what a county court judge gets paid. Is it $40,000 a year? In any event, a senator's salary is considerably less. I understand it is about two-thirds of the salary of a county court judge.

Senator Choquette: And consider what his widow would receive.

Senator Walker: Yes, you are quite right. When you retire you receive one-third of your salary, and if you die your widow receives one-third of one-third, which is rather ridiculous. However, it is not something that worries me. It is a small point, but none of these things has ever really been explained.

What reforms are contemplated? Why am I worried tonight? It is because some day we will have to face these things, and it will be necessary to make decisions on them. We are all in the same boat. I am not being political tonight; I am not trying to make political hay. I am trying to help members of the Senate.

● (2050)

The government white paper has been around since 1969. It suggests that a senator should be appointed for six years. That is the Prime Minister's suggestion. If the senator's services were satisfactory, he would be re-appointed for a further six years. What does that do for the Senate? It takes six years to break in a good senator. You appreciate that; everybody appreciates that. You cannot pick up these things overnight. If you are going to be tossed out after six years, why accept in the first place? But if you are a good boy, if you toe the line, if you please the Prime Minister and you are a nice fellow, you can perhaps be reappointed for a further term of six years. In the first place, you lose your independence; in the second place, you are in the unfortunate position of being expected, I suppose, to curry favour with the powers that be, to toady, bow and scrape. You cannot be your own man when you have to please someone—and you are made aware of that in advance—in order to get your appointment renewed for a further six years.

This is not political. I am not thinking of anyone in particular. It is demeaning for a senator, whose whole role in the legislative life of Canada is to be independent, to speak his mind, and to use his best judgment for Canada, to be put into that position. I hope honourable senators will never vote to put a senator of Canada in that position.

Hon. Senators: Hear, hear.

Senator Walker: There is a suggestion made in the white paper that the Senate should be made up of appointments by the provincial and federal governments, half by the provinces and half by the dominion.

The United States has already had that type of experience. At the time of the formation of the United States, the constitution provided for two senators to be appointed from each of the states of the union. They went along with that from 1786 to 1912, when they finally got rid of it. Why? Because there was an awful shemozzle in the United States Senate during the years when senators were appointed by the state governments. The Senate became corrupt. The senators from Maine combined with the senators from Massachusetts and worked against other combinations in efforts to gain grants for themselves. It was a question of combinations of states against combinations of other states. Everybody was for the individual states, and very few people for the United States. It takes a long time to bring about changes in the constitution of the United States, but finally in 1912 that system of the states appointing senators was abolished.

Why should we put ourselves in the position the United States was in up until 1912, a position in which half our senators, or any of our senators, are appointed by the provincial governments? I ask honourable senators to give this some thought. Let us be dispassionate and non-political about this.

I suggest to honourable senators some further reasons. Is it not natural, if the provinces have these plums to offer, that the premiers would appoint those to whom they are or were beholden? Is it not natural that they would appoint people who are experts in provincial rights, not dominion rights; those who have worked all their lives on provincial matters, not dominion matters?

Would that practice help the Senate, whose primary interest is Canada? How could those individuals, whose lifetimes have been devoted to the interests and welfare of the provinces, gain a dominion perspective on being appointed to the Senate? It is most difficult to do. Again, are they not going to start logrolling? If they are appointed by the provinces, they will owe a duty to the province appointing them, and they will make deals with the other provincial representatives in the hope that they may get something for the particular province they represent. This is perfectly natural.

I ask you not to accept what I say, but to give this your earnest consideration. It is my respectful submission that we should continue as at the present time, namely, that the government of the day, the Prime Minister, should make a recommendation to the Governor General, the Queen's representative, and that all senators should be appointed not on their ability as provincial politicians but their ability to represent, to understand, and to aid Canada in all of the problems which beset it. I hope that senators will continue to be men

and women of broad vision, with a national rather than a provincial point of view, as most of the present members of this house appear to be. They do not have to look back and say, "I owe something to the province that appointed me. I had better watch out." Today a senator can be completely independent. He or she can act for Canada, and Canada needs at this time a lot of people to act on its behalf. What a pity, given the bicameral system, if the non-elected house were to have its affairs confused, mixed up and politicized by members appointed by the provinces.

There is one further matter I should like to speak to. The House of Commons is a dominion-wide legislative body, elected over and above the provincial legislatures. Why not appoint the Senate on the same basis, dominion-wide just as the House of Commons is dominion-wide, and avoid the possibility of provincially appointed senators ganging up to veto the elected house's legislation, or vice versa. Were that the case, this house could become a veritable tower of Babel, as did the American Senate in the early days.

As a senator, you cannot have two masters. As a matter of fact, you cannot have two masters at any time. You cannot serve Canada and a province with equal skill. You have to serve either the one or the other; you cannot possibly serve both to the best benefit of Canada.

The next question is whether there should be an amendment to provide for the House of Commons having the power to overrule the veto of the Senate. That is indicated in the Prime Minister's white paper, and it has also been recommended by the Special Joint Committee on the Constitution of Canada. It is very simple. The House of Commons passes a bill; the Senate vetoes it. That is something you would have to go back into history to find, but it could take place. If it did take place, then under what is known as the suspensive veto, the House of Commons must wait for a period of six months before passing the bill again, at which time it would become law. That is the proposition of the Special Joint Committee. What do you think of this? I am not sure what I think about it, but I would ask honourable senators to think about it; give their best thought to it. Some people feel that a suspensive veto might give the House of Commons a second chance to change or rescind a bill to which objection was taken by the Senate; other people think it would be easier henceforth for the Senate to veto bills more often. They would get into so much trouble knowing that if the Commons insisted, they could again pass the bill six months hence. Others wonder, and I am one of them, whether the suspensive veto does not remove the teeth from Senate power. It must be remembered that that was done in the House of Lords in England, and at once the House of Lords lost tremendously in power, reputation and usefulness.

● (2100)

If we were offending in any way which would interfere with the good government of Canada by our use of the veto, that would be another thing; but why introduce a suspensive veto? Where is the need for it? When has the occasion arisen when we have used our veto to no purpose? The Liberal opposition in the Senate vetoed one of the Honourable Mr. Nowlan's bills, did it not? I was in the government at the time, but was paying no attention to Mr. Nowlan's problems; I had my own. The Liberals vetoed the bill, the Tories took it back, considered the veto, and did not introduce the bill again.

There is merit in the veto, in my view, and before doing away with this power must some misuse of it not be demonstrated? Will you please, honourable senators, give this matter your most serious consideration? Presently, and I have not completed my thinking on it, I do not see any reason why our veto should be removed, or why there should be a suspensive veto introduced. For 110 years what we have at present has been acceptable. Why should it be changed now?

Then follows another suggestion, which may be a sop to console us if we have the veto taken away, although, you know, sometimes sops look sappy. In this case the sop is that we should be the final arbiters in the appointment of Supreme Court of Canada judges. But why should this be the case? What do we know about Supreme Court of Canada judges? I used to, because I used to practise in the Supreme Court of Canada, but since I have come here I do not even know who many of them are. What skill do we have which would enable us to make appointments in that domain? That is something, surely, for the Department of Justice to take care of. They have a very able minister at the present time in the Honourable Ronald Basford, who is non-partisan in his outlook and is doing a very good job. Why should we interfere? Can they not do the job? Can they not go to the law associations and the benchers of the law societies in order to find out all about the people it is proposed to appoint? What can we do in that ball game? I do not see that we can be of very much use. I think the suggestion is made merely to help our pride a little in the event that the veto is taken away from us. Apart from that, however, it really does not mean very much.

It is also suggested that we be the final authority in the appointment of ambassadors. This would be a new duty. What do we know, however, about ambassadors? What do we want to know about them? We have a very good Department of External Affairs. At least, it used to be a very good department, and I think it still is. They watch every man in the field all over the world. There are constant progress reports on how they are getting along, and they are promoted one by one. Some people are shuffled out and some people are brought home, and so on, but great care is taken in the appointment of ambassadors. I admit that there are occasions when it is necessary to get away from the Department of External Affairs, and away from the professional ambassadors, in order to appoint a person who is qualified because of his experience in the House of Commons or in the Senate. The Honourable Lester B. Pearson, when he was High Commissioner for Canada in the United Kingdom was very able, as was the Honourable Howard Ferguson, the Tory Premier of Ontario.

Senator Langlois: And Michener.

Senator Walker: Yes, and Roland Michener. Why do we need to get into that field? I think that responsibility should stay where it is, and that the experts and the cabinet should decide on matters of that kind.

Now get ready for this: We are going to enshrine in the Constitution a charter of fundamental human rights. Well, we should be careful about such a charter of human rights. We do not want anything with some hidden meaning in it. I am sure that that would not happen intentionally, but we already have the Bill of Rights which has been considered by the courts and which, because of its simplicity, has been very successful.

We do not want to be sidetracked into those things that, on the surface, look so very important, but which, in fact, are not important at all. What is important, however, is that we should keep what we have, unless somebody can give us good reason, from the events of the last 110 years, for having any of our powers eroded.

The Special Joint Committee on the Constitution, for the members of which I have the greatest respect, made various other suggestions in 1972. They did not suggest that the appointments should be made half by the provinces, but that each province should make some nominations, and that the government of the day should choose senators from those nominations. That is certainly better than having the provinces make the appointments, because out of several names submitted by the provinces it should be possible to pick one, at least. However, I do not see why the provinces should get into this act at all.

Then there is a formula proposed for the appointment of senators, which I have outlined, and which I will not expand upon any further. They say that instead of giving you six years in the Senate, with a further extension of six years if you are a good boy, senators should retire at age 70. When, as a matter of interest, do the county court judges and supreme court judges retire? I think it is at age 75. Looking around me now, on both sides of the house, I can only wonder what would happen to the Senate if everyone were to be retired at the age of 70. Of course, I can appreciate that one is prejudiced after one passes the age of 70.

In conclusion, I should like to refer to certain maxims that I have selected and which are applicable to the Senate. Some of these have been uttered by other senators, and some of them I have had the temerity to make up myself. Before I go to that, however, I would mention that if you want to read an interesting article on the Senate, which is both up to date and illuminating, by one of Canada's outstanding journalists, read what the Honourable the Speaker of the Senate wrote. You can get it from the library. It is an amazingly illuminating and instructive article.

To continue, it is nice to have maxims sometimes. Arthur Meighen said, "The House of Commons is a theatre. The Senate is a workshop." The House of Commons must be a theatre, in view of all the horseplay that used to go on there, and still does. This is because the members are thinking of their constituents. The Senate is indeed a workshop. We do not get any credit for what we do here from the press, and we do not expect it. We do the best we can. We do not have to appeal to constituents, and our work should speak for itself.

My second maxim is: The Senate works with the House of Commons, not against it. This is very important.

Third: In the House of Commons a member of Parliament addresses himself to his constituents. He is bound to do that, particularly at the time of the Throne Speech debate. Senator Greene will remember that he and I had to listen to them. In the Senate, however, the senator addresses himself to the question at issue. Why would he not?

Fourth: Abolish the Senate? If you do, you must have something to take its place. The Senate is indispensable in one form or another.

● (2110)

Fifth: The Senate is indispensable, not only for what it does but also for what it prevents being done.

Sixth: The Senate considers the real import of legislation, not its ability to attract votes.

Seventh: A senator speaks not for his party, but only for himself. We are getting more and more that way. I am getting less political than I used to be, and it is a good thing. It takes a long time to overcome the habits of the House of Commons. Of course, I can speak only for myself at the moment.

Senator Greene: It is easier for a Tory.

Senator Walker: I know who that comes from without looking up.

Eighth: A senator says what he thinks. He does not have to get elected.

Ninth: Much of the law is judge-made. We appoint our judges. Much of the law is Senate-made, with the concurrence of the House of Commons. Why should we not continue to appoint senators?

Tenth: In the chambers of the Honourable the Speaker is the motto *Sapare Aude*, meaning "Dare to be Prudent." Is that not what we are doing? Horace wrote that a long, long time ago.

Eleventh: The Senate is a house of sober, second thought. This is Sir John A. Macdonald's own phrase, which, because of the words, shows that he knew all about it.

Finally, there are the words of Arthur Meighen, if I may be bold enough to intrude him, one of the truly great intellectuals in Canadian public life, and probably the greatest debater—I must not say that, but he was one of the greatest debaters the House of Commons ever had. He said:

> The duty of senators is to lift their minds far above the hard-drawn party lines or they can't serve their country. The duty of senators is to give every government fair play regardless of whether it has a majority in the Senate and not to stand in the way of legislation unless it must be defeated on its merits.
>
> The task is to see each piece of legislation when it passes from the Senate's hands is a work well done. The task of the Senate is to make laws practical and sensible.

Hon. Paul Desruisseaux: Honourable senators, before I embark on what I have to say about the Throne Speech, I want

to say a few words about Senator Walker's speech this evening. He invited us to think about the Senate, and he is right. There is food for thought for all of us along these lines. The time is ripe for it. I must say, without partisanship, that I agree with most of what he said. I believe honourable senators will find much of his speech useful in making their own assessment of what the Senate should be and what can be done about the Senate.

Next, I should like to say a few words about Senator Blois, as I have known his name pronounced for a long time, if I may say so, without introducing his origins, and so on. I thought it was a French name. I join other senators in what they have said about his resignation. I am sorry that he is leaving us. We are losing a valuable contributor to the Senate.

[*Translation*]

I would like to make my remarks on the Speech from the Throne in French. May I first quickly convey my congratulations, which I add to those of my predecessors, to the Governor General and Mrs. Léger for the excellence of their performance in this Chamber. I should like to join the preceding speakers and congratulate very warmly the mover and seconder of the Address in reply to the Speech from the Throne, Senator Lucier and Senator Barrow.

I would like to congratulate all honourable senators who spoke before me and I want to convey my congratulations to Senator Walker for his contribution which will not be forgotten.

I do not think that the Speech of October 12, 1976 fully indicated all the intentions of the government. The government used a rather prudent and conciliating phraseology. It tried to avoid controversy and did not tell immediately to the electorate, as was the case before, what bills would be introduced in Parliament. The Speech also took care not to mention anything too specific about controversial subjects.

Unlike previous speeches, it did not announce daring and controversial cultural, economic or political measures which, as we have seen, had unexpected consequences in the Canadian public opinion.

I was glad, I was comforted, I was even happy. The Speech of October 12 and the Prime Minister's press conference which followed showed that the government has adopted a new approach toward the political and economic problems of Canada.

In no way does it echo the concept adopted during the last few months about the just society, the deficiencies of the free market system and the role of government in our Canadian society.

In some ways, the Speech opening the new session shows that the government is preoccupied with getting a consensus and with accepting the opinions of the Canadian electorate which it had somehow neglected during the last few months.

It contains little clarification on the controversies resulting from the Anti-Inflation Act and the wage and price controls. It deals with new approaches for patriating our Constitution, with serious attacks against our legislation concerning bilingualism and the use of both official languages. Indeed, those are well chosen subjects which are current issues and very important for all Canadians.

I noted with personal satisfaction that the government has now opted for consultation with the worker, the industrialist and the businessman before drafting legislation "to secure a greater sharing of economic and social responsibility among all Canadians".

For once they talk about extending the fiscal and monetary restrictions of the government and reducing public expenses by limiting public services growth. In the circumstances, those are well-timed measures. They seem to understand now the importance of close cooperation with the actual creators of jobs, those who produce for our domestic market or for profitable exports which add value to our economy.

The businessman and the public will be pleased to know that our industrial assistance programs will be reviewed toward ensuring better support for Canadian industry to allow realistic international competition.

The small and middle businessman will recognize that the proposed legislation will give him better access to credit and ensure flexible economic growth.

The Speech from the Throne also informs Canadians about a very reassuring decision concerning government activities which can effectively be taken over by the private sector and transferred without any loss in the quality of services to the public.

The worker was also given significant consideration. Through the unemployment insurance funds, the government takes a stabilizing measure by maintaining a fair guaranteed income for the worker during his retraining period. The Speech from the Throne also contains other commitments which must be clarified, in my opinion; I refer to co-management rights concerning labour conditions.

The Speech from the Throne states as well that the government intends to create jobs in high unemployment areas. Personally, I wish they will and I am pleased about it. However, I remember the stagnation and difficulties which we have witnessed and which have resulted and still result from the government policy regarding imports of textiles and processing goods such as the glove and footwear industry.

The Senate, as you will recall, made positive recommendations on textiles. They were implemented. Most of you will probably remember how many times I criticized during the last session the obsolete character of our labour legislation, particularly the mechanism developed for collective labour bargaining. As all of you do, honourable senators, I welcome the new initiatives which are proposed in order to improve the latter. I listened with some satisfaction to the appropriate and fine comments made by my friend, Senator Laird, in this regard. I shall come back to it later on.

Such measures are realistic and positive. They concern issues which involved some difficulties and are presently creating important social problems. These measures should be

considered in a positive way and they should, in my opinion, get some priority.

Some people are blaming the government, and are wrong to do so, for giving up its quite daring experimental policy to choose to come back to policy programs, in accordance with the wishes of Canadian voters, while emphasizing those measures which have been agreed to by the people. Then, the government is finally giving up its aggressive and control action, which had become so unpopular among Canadian voters. I, for one, welcome this change.

● (2120)

[*English*]

The message in the Throne Speech in this respect is "middle of the road." The government evidently rejects the views that the market system is functioning adequately and well, just as it rejects the views that increased government spendings and interventions are necessary to compensate for its deficiencies. I believe this suits Canadians well, and the Throne Speech states it well in the following sentences:

> The choice of the middle road implies a reliance on the market to stimulate the growth Canada needs, together with an enduring commitment to social justice and equality of opportunity. On the other hand, that choice also implies that the working of the market must be improved and that less costly, less interventionist ways must be found to pursue social goals.

I do not think we can now give the interpretation that the government has changed its political and economical directions. It does reveal, however, to voters and pressure groups that it is much more conciliatory. Labour, business, voters do not any longer appear to be led by the hand, so to speak, into what has been called for political reasons the "Just Society."

● (2130)

If there is no change from the thinking found in the Throne Speech, we are now to expect to have a constructive consultation while leadership will be exercised in a less provocative and in a more judicious manner. My own reservations about the Throne Speech result from its general vagueness and the fact that it could lead to the retention of as many options as possible by the government. To be sure, there is no assurance to be found in the Speech that the basic goals have been changed. As I read it again, I am of the opinion that if it is indicative of a sure trend, the legislation it proposes will be economically and socially helpful to Canadians.

There is an area of our Canadian activities I should like to touch on while I have the opportunity. On Wednesday last, I listened with great interest to what our colleague, the Honourable John Connolly, said so eloquently about the Olympics of 1976. I concur fully with his views.

I should like to comment briefly on the Olympics and have my remarks recorded here. The Olympics of 1976, the greatest sports event ever, was Canada's most successful publicity and public relations scheme. Its worth to the country cannot be easily evaluated. We know the financial cost was high, but its favourable effects will last for a great many years.

Canada, I am proud to say, chose to host and preside over the international Olympics brought to Canada by Mayor Jean Drapeau of Montreal. The event made a favourable impact on the world, even if, because of the Taiwan affair, the Olympics became rather political for a while. I make no apology here for its high costs. When planned over four years ago, the estimates tabled appeared to be acceptable and reasonable. It was on that basis that Mayor Drapeau committed Montreal to the Olympics. No one then expected its costs to run away because of Canada's own run-away inflation.

You may recall that this occurred about the same time that the James Bay hydro project estimates had to be revised upward from $6 billion to over $16 billion. At about the same time, some other government projects had to be revised upward two or three times, while some were cut in size in order that their costs might appear acceptable.

When it was agreed, four years ago, to hold the Montreal Olympics, the original plans were approved and Montreal was then committed to build the facilities. There was no possibility of backing away from that commitment from then on. Whatever were the unforeseen increased costs, they had to be met. It was most unfortunate and distasteful to witness, during the following four years, the repeated outright blackmailing of the Montreal committee by certain large labour unions which should not have been allowed to escape their responsibility for the incurred extra costs resulting from breach of contract, renegotiated higher salaries, special overtime, holiday and night double-wage scales, strikes and slow-downs. Far from blaming or criticizing Mayor Drapeau or the committee for their behaviour throughout the last few years, I compliment them, especially the mayor, for the realization of his dream for his Montreal, and for the creation of needed work and employment when unemployment stood at more than 11 per cent in his city.

He lightened the load of unemployment and welfare payments. He was responsible for providing a good deal of dignified employment for distressed Montreal workers. He was responsible for the surplus income taxes that were paid to both the federal and provincial governments by these workers. He was responsible also for some tax revenue from material-supplying firms and their employees from all over Canada. Mayor Drapeau found good ways to pay for the Olympics high costs. His request for an extension of the Olympic Lottery for the next few years to pay for the added costs was fair, reasonable and fully justified.

He had great dreams, all of which were on a large scale. They were usually realized, and has some practicality. He realized most of them with the help of others.

Expo 67, the Montreal downtown trans-Canada throughway, the east to west Metropolitan Boulevard, the Decarie Speedway, the beautiful Montreal Metro, and the Olympic installations were some of his achievements. Let us take a look at what has happened to Old Montreal during these past few years—and at no cost to the citizens of Montreal. Old Montreal has now become one of Canada's major attractions. All have become monuments to his initiative.

• (2140)

When I hear accusations that he is ruining Montreal, I simply compare Montreal's total per capita debt with that of Toronto and other large metropolitan centres to find the unfairness and injustice of such accusations. And when I compare his city's tax rates with others, I feel somewhat ashamed of the accusations so freely directed against Mayor Jean Drapeau.

I want to pay high homage in the Senate to one of the most civic-minded and civic-spirited Canadian citizens, a most remarkable accomplisher of great things for his city, His Honour Mayor Jean Drapeau of Montreal. I know that the homage I am paying to him now has the approval, is understood and shared by many of my colleagues here. This hard-working Canadian is, in my judgment, one of the greatest achievers of our time, and this is not a myth. What he has done will stand for generations as his monument.

He helped the regional economy when it was most necessary and in want. He saved the payment of very large unemployment benefits and welfare by our federal and provincial governments. He provided his city with permanent installations that are and will remain tremendous attractions and great monuments by any standard. I would be just and fair to recognize his last concrete achievement, the Olympic installations, that benefited all Canadians and of which we have been so proud this summer of 1976.

On motion of Senator Macdonald for Senator Asselin, debate adjourned.

STANDING COMMITTEES

FIRST REPORT OF COMMITTEE OF SELECTION, AS AMENDED, ADOPTED

The Senate proceeded to consideration of the first report of the Committee of Selection which was presented Thursday, October 21, 1976.

Senator Langlois: Honourable senators, I move, seconded by the Honourable Senator Macdonald, that the report be amended by striking out the name of the Honourable Senator Blois in the list of senators nominated to serve on the Standing Senate Committee on Health, Welfare and Science and the Standing Senate Committee on Agriculture, respectively.

Motion agreed to.

Senator Petten: Honourable senators, I move, seconded by the Honourable Senator Macdonald, that the report, as amended, be now adopted.

Motion agreed to and report, as amended, adopted.

LIBRARY OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Senator Langlois moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Bélisle, Bell, Cameron, Choquette, Côté, Forsey, Fournier (de Lanaudière), Fournier (Madawaska-Restigouche), Hicks, Phillips, Riel, Rowe, Sullivan and Walker have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Library.

Motion agreed to.

PRINTING OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Senator Langlois moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Bell, Bonnell, Choquette, Duggan, Eudes, Fournier (Madawaska-Restigouche), Fournier (Restigouche-Gloucester), Greene, Haig, McGrand, Michaud, Neiman, Riley, Smith (Colchester), Walker and Williams have been appointed a committee to superintend the printing of the Senate during the present session and to act on behalf of the Senate as members of a joint committee of both houses on the subject of the Printing of Parliament.

Motion agreed to.

RESTAURANT OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Senator Langlois moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable the Speaker, the Honourable Senators Bélisle, Carter, Forsey, Inman, Norrie and Quart have been appointed a committee to direct the management of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Restaurant.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Senator Langlois moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that

the Honourable Senators Asselin, Forsey, Godfrey, Lafond, Riel, Riley and Yuzyk have been appointed to act on behalf of the Senate as members of a joint committee of both houses on Regulations and other Statutory Instruments.

Motion agreed to.

STANDING COMMITTEES

MEMBERSHIP—QUESTION

Senator Molson: Honourable senators, I wonder if I might ask a question of the Acting Leader of the Government? I notice that four of the standing committees have only 19 members named. Is there a reason for not appointing the full number in each case?

Senator Langlois: I think I shall leave that question to the Whip to answer.

Senator Petten: Honourable senators, if I could speak to that I would point out that in consultation with our good friends across the way we decided we would leave a vacancy on each of the four committees. Our strength here at the moment is down . . .

Senator McIlraith: Numerically speaking only.

Senator Petten: And I should say that we anticipate, or perhaps I should say that we hope, that we will get some new members here shortly, and by leaving these vacancies we will have, when the time comes, an opportunity for placing these new people.

NOTICE OF COMMITTEE MEETINGS

Senator Langlois: Honourable senators, before moving the adjournment of the Senate I should like to inform the house that organization meetings of the Standing Committee on Internal Economy, Budgets and Administration and the Standing Senate Committee on Banking, Trade and Commerce will be held after the Senate rises this evening and tomorrow morning at 10 o'clock, respectively, in room 256-S. I understand that notices for tomorrow's meeting will be placed in the mail tonight for the information of honourable senators.

● (2150)

Senator van Roggen: May I ask the Acting Leader of the Government if he has knowledge of the organization meeting of my committee on Foreign Affairs tomorrow morning?

Senator Langlois: Not yet. I have not been informed of that meeting.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 27, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITOR IN GALLERY

THE REVEREND GEORGE GERMAIN, COMMISSIONER OF THE HOLY LAND

The Hon. the Speaker: Honourable senators, I am pleased to welcome in the gallery the Reverend Father George Germain, Commissioner of the Holy Land.

DOCUMENTS TABLED

Senator Perrault tabled:

Public Accounts of Canada, Volume II, for the fiscal year ended March 31, 1976, pursuant to section 55(1) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 32 of the Saltfish Act, Chapter 37 (1st Supplement), and section 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

THE HONOURABLE ALLISTER GROSART

FELICITATIONS ON RETURN TO CHAMBER

Senator Perrault: Honourable senators, I was not here yesterday afternoon because of official duties, but I do wish to take the opportunity now to welcome back to our midst the honourable Deputy Leader of the Opposition, who suffered a health setback not long ago and who is now restored to his usual vigorous and vocal good health.

Hon. Senators: Hear, hear.

BANKING LEGISLATION

NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO MAKE STUDY

Senator Hayden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move, seconded by Senator McIlraith:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the document entitled: "White Paper on the Revision of Canadian Banking Legislation, August, 1976," tabled in the Senate on Thursday, October 21, 1976, and the subject matter of any bill arising therefrom, in advance of such bill coming before the Senate, or any other matter relating thereto; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Croll: Leave is granted on the condition that it stand until next Tuesday.

Senator Asselin: You cannot control your own members.

The Hon. the Speaker: Honourable senators, if leave is granted, it is granted.

Senator Asselin: Senator Croll says no. Come over and sit on this side, Senator Croll.

The Hon. the Speaker: Honourable senators, under the rules this will stand as a notice of motion for next sitting.

CANADA-UNITED STATES RELATIONS

FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. George van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon Canadian relations with the United States;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination, at such rates of remuneration and reimbursement as the committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the committee may determine;

That the papers and evidence received and taken on the subject in the preceding session be referred to the committee; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

HER MAJESTY THE QUEEN

SILVER JUBILEE CELEBRATION—QUESTION

Senator Forsey: Honourable senators, I have a question for the honourable Leader of the Government. In view of the fact

that the Queen's Silver Jubilee falls on February 6, 1977, what plans has the government for a special issue of stamps or coins, or both, to celebrate the event?

Senator Perrault: I must take that question as notice, but I want to assure honourable senators that we are deeply aware that next year will mark Her Majesty's Silver Jubilee, and it is the intention of the Government of Canada to honour this significant occasion appropriately in many ways.

PROVINCE OF NOVA SCOTIA

EQUALIZATION GRANTS—FURTHER QUESTION

Senator Smith (Colchester): Honourable senators, I should like to ask the Leader of the Government if he expects soon to be able to answer the question I asked on October 13, 1976, concerning equalization payments to Nova Scotia in respect of increased oil prices and the comments of the Minister of Energy, Mines and Resources thereon.

Senator Perrault: Honourable senators, because of the technical nature of the question it has required rather more research than we had anticipated originally, but I am sure the answer will be available shortly.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NOTICE OF COMMITTEE MEETING

Senator Laird: Honourable senators, before the Orders of the Day are called, might I have permission to make a short announcement?

Hon. Senators: Agreed.

Senator Laird: The subcommittee on classifications of the Standing Senate Committee on Internal Economy, Budgets and Administration will have a short meeting in room 483-S at 2.45 today.

• (1410)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lucier, seconded by the Honourable Senator Barrow, for an Address to His Excellency the Governor General in reply to his Speech at the opening of the Session.—(*Honourable Senator Asselin, P.C.*)

Senator Asselin: With leave, honourable senators, I would yield to Senator Quart.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Hon. Josie D. Quart: Thank you very much. That is very gentlemanly.

Senator Asselin: Always for a lady.

Senator Quart: Yes, of course.

Honourable senators, may I add my congratulations and best wishes to Madam Speaker. It was delightful to hear the complimentary remarks by my male colleagues on her ability and charm. It is obvious that male chauvinism does not exist in this chamber. Well, not much anyway. We are proud of Madam Speaker, a hostess par excellence.

It was very gratifying to note that His Excellency the Governor General is well on his way to complete recovery. Madam Léger deserves great credit for the excellent manner in which she played her role, in perfect English and French, in reading the portion of the Speech from the Throne assigned to her. It was truly a magnificent example of family solidarity.

The mover and seconder of the Address in reply to the Speech from the Throne acquitted themselves creditably.

The Leader of the Government, Senator Perrault, and the Leader of the Opposition, Senator Flynn, seem to be in great form to continue the fray. The Senate is fortunate to have two dedicated leaders, both endowed with a rare gift of witty repartee.

In the Speech from the Throne I was particularly interested in the passage referring to the Law Reform Commission of Canada, which said:

> This year, the Law Reform Commission of Canada submitted a report on family law which merits the attention of all Canadians. The government intends to carry on discussions with the provinces to encourage the creation of unified family courts with comprehensive jurisdiction over family law permitting disputes to be dealt with more constructively. In addition the government will discuss with the provinces and with the public other aspects of family law bearing on the stability of marriage, the protection of children and the fair sharing of the economic consequences of marital breakdown.

At the top of my list of priorities in women's rights legislation is equal pay for equal work of equal value, and equal opportunity for promotion and training on the job. The Ontario government is taking a great step forward by introducing changes to family law and giving husbands and wives an equal share in the family assets.

Honourable senators, I am sure you expect me to speak about women, so I shall try to give an evaluation of the extent to which International Women's Year advanced the cause of women's rights. It certainly did something to focus attention on the inadequate legislation for women in most countries. International Women's Year had a particular value in bringing together women and men of different countries to compare notes and stimulate the so-called backward countries into positive action. International Women's Year produced many recommendations but little legislation. Anyway, International Women's Year is over and done, amen.

The conference in Mexico was officially opened by the Secretary General of the United Nations, Mr. Kurt Waldheim, and he was followed by President Luis Echeverria, who stressed that the important and major thrust of the Interna-

tional Women's Year conference should be to reorganize the world economic order and fight for the establishment of a new international economic order that would benefit women and men equally.

Despite the angry discussions and political frustrations, the Canadian delegation participating in the International Women's Year conference at Mexico labelled the two-week conference a success, which was contrary to the opinion of many delegations.

The conference approved a plan for a world redistribution of wealth and an anti-Zionist motion. The Canadian delegation voted against both these motions. It is a fact that International Women's Year has not produced any miracle solution or impact on discrimination, and many claim it was a wasted and costly year. A reporter of the Toronto *Star* described IWY as follows:

> International Women's Year was launched with such a naive optimism that only starry-eyed feminists could fall for all the publicity and hoopla, or believe in the promises of equality that would end all discrimination between men and women. But the best joke of all was to ensure 100 per cent integration of women in economic, social and cultural fields.

In my opinion, even if nothing else was accomplished, International Women's Year created an interest in what actually emerged at great cost of money, time and energy and has generated some serious thoughts as to the value of the United Nations suggestion at Mexico. That suggestion was approved at the UN General Assembly on December 15, 1975, and proclaimed the period of 1976 to 1985 the United Nations decade for women devoted to equality, development and peace.

Now, surely, honourable senators, we are not going to be subjected to all this wrangling for the next ten years—and at what enormous cost? A representative of a Canadian women's national organization commenting on the proposed decade for women said:

> The politicians are at it again with promises and promises. They want to lull women into a stupor by setting up more conferences and advisory committees to hash over women's rights, equality, et cetera, et cetera—and will we have to listen for a decade to the militant women libbers' jargon and whining?

Why spend money in Canada on more action committees, surveys, conferences, et cetera to advise the government on women's rights and equality? The government is well aware of what women want and of the discrimination where it exists, so why not legislate where needed and be done with it? It is true that legislation as to women's rights has made progress, but the so-called "long-suffering women" still have inadequate and only patchwork legislation.

In fairness to the Honourable Marc Lalonde, on October 15, 1975, he organized a one-day conference for over 300 male executives from the world of business, labour, industry, education and the media. Apart from the men, approximately 100 experienced women were invited, including women senators and members of Parliament. The participants were treated to an analysis of prevailing attitudes toward women, and Monsieur Lalonde stated in the keynote address that "the principle of equality must become a reality." Good luck, Mr. Lalonde. Dr. Barbara Landan, Director of the Adolescent Unit of the Queen Street Mental Health Centre in Toronto, pointed out that successful women are few, and that most women undergo an internal struggle because success is associated with aggressivity or masculinity. She pointed out that when women are successful their male peers frequently have difficulty accepting them as equals.

The activities undertaken by women's organizations during International Women's Year made men more conscious of women's search for equality and personal identity. That statement makes me think of a survey taken in the United States on working wives, which showed:

• (1420)

> That the majority of men agree that any reasonable man should share home tasks with a working wife.

That is fine in theory, but does it always work? Take the case of a Boston businessman who is all out for equality for career women and working wives. He agreed that his wife should work, and she asked him to draw up a contract for both to sign in order to avoid future controversy.

The husband drew up a list of home chores that he was willing to do without any persuasion from his wife. All went well for a short while, but then he claimed that he was worn out trying to cope with his part of the bargain. His wife would not let him revise the list, and when he could not persuade her he decided to sabotage the arrangement by an "accidentally done-on-purpose" technique of ruining his cooking, and by doing his cleaning chores only when he felt like it. So "wifey" had to shoulder more than her share of the work if she wanted a clean house and palatable meals.

Let us be honest. Most men resent doing housework. The stereotyped ideas about "man's work" and "woman's work" are so ingrained that what we think does not always jibe with what we feel. As honourable senators know, men work from sunup to sundown but woman's work is never done! Men are stunned by the amount of time and energy housework requires, despite all the push-button electrical devices used in the modern household. It is said that when two people marry they become one. The husband usually is the one. The poor man may be the head of the house, but the woman is the heart, and we all know that the heart is what keeps one alive and kicking.

Bankers claim that the best way for a woman's rating to go down is for her to get married; if her husband is a financial risk, her credit rating suffers.

In July, 1976, the federal government reported a substantial increase in unemployed women. In fact, in July the actual number of jobless women climbed to some 357,000 from 321,000 in June, a decrease of 36,000 jobs in a month. It makes one wonder if this is "male employer chauvinist" retaliation to women's lib.

A recent United States survey showed that older men who look upon marriage in traditional terms, and who grew up in an era when women normally stayed at home, often find it more difficult to accept the idea of a working wife. In contrast, many younger men have never known a woman who did not continue to work or follow a career after marriage. So, working wives and shared responsibilities present no problem for them.

Strangely enough, a University of California study revealed that the sharpest increase in broken marriages occurred among women who did not have jobs outside the home, which proves that idleness is the devil's pastime.

Honourable senators may recall that in September, 1975, the National Organization for Women of the United States, known briefly as NOW, called upon all women to go on strike on October 29 to show the United States how much it depended on women. Ms. Davlyn Jones, the coordinator of the strike, a militant women's libber, appealed to housewives, women teachers, industrial workers, clerks, nursemaids, telephone operators, domestics, lawyers, doctors, dentists, and even professional prostitutes, to join in a one-day strike in the United States and Canada in order to leave their menfolk in a mess, wondering how to carry on without women. I think it was in Chicago—I cannot recall her name, but bless her—that an unknown housewife used the media to beg women of common sense to ignore NOW's campaign to strike. The strike was a complete failure and, in the wake of that failure, NOW was stunned and humiliated.

The newspapers on October 30 reported the strike as a "flop" and said that it was "frivolous and counter-productive" to the women's movement—which proves what is generally believed, that there is a revolution going on in the women's liberation group. Recent reports indicate a lag in women's lib in Europe and the United States, and here in Canada the place of the woman as a family figure still predominates. This counter-revolution seems to be gaining ground with younger women and teenagers. It is quite a different kind of liberation they want; a liberation that does not support aggressive militancy, one that does not denounce all men in general as chauvinist manipulators of women. They want liberation which is based on common sense, cooperation and teamwork with men. My bet is that this tolerant and understanding attitude will succeed.

What concerns me sufficiently to brave the wrath of the women's lib is that with all their real and imagined gripes and an undercurrent of hatred of men, they will cause normal women and men to become so confused on issues that we will be getting our signals crossed. These extremist groups are an insult to the intelligence and delicacy of most women who support equal rights.

For women aged 50 years or over there can be very little basic changes in deep-rooted attitudes. In fact, no women's lib or any other feminist group has any right to ridicule or attempt to force denial of choice on any woman on any issue such as a way of life.

And now I come to the recent survey commissioned by the Honourable Marc Lalonde at a cost of $110,000, only to find out that Canadian attitudes have not changed significantly during 1975 and 1976. The most frequent recommendation was for equal pay and equal employment opportunities for women.

The survey concluded that male chauvinism remains deeply entrenched in Canadian society, perhaps because some men perceived the impact of International Women's Year as a threat to their own jobs and economic position by removing barriers to women in the labour force. So, to sum up, the cost to Canada of International Women's Year was $5 million-worth of advertising, programmed hoopla, grants to organizations, special projects, et cetera, not to forget the "Why Not, Pourquoi Pas" buttons! Was the survey truly worth it only to learn what many suspected, namely, that International Women's Year had failed to impress 87 per cent of the adult population where attitudes remained static as to change? So, Monsieur Lalonde, legislation, where needed, is what is needed. Obviously conferences and surveys are not the answer if one wants to achieve equality. Maybe I'm becoming somewhat militant regarding women's legal inequalities. Laws are made by parliamentarians and these laws reflect the exclusion of women's opinions from the law-making process. Legislation concerning women is uniform in many provinces of Canada, as it should be, but whereas the province of Quebec is far ahead of the country in some legislation, it is a century behind in others.

I shall quote from a brief presented to the Canadian Law Reform Commission by a group of women from Quebec:

> It is the only province which in International Women's Year permitted women to be fired because they were pregnant, and allowed employers to refuse to hire married women, and accepted union contracts which stipulated that women were to receive as little as half the salaries of men in the same jobs. In Quebec it is permissible for an employer to refuse to promote women because of their sex, and to admit it openly.

Therefore, Monsieur Bourassa, take heed.

In the federal field, Monsieur Lalonde, it is up to you and the three women members of the cabinet to convince the Prime Minister, your colleagues and the members of Parliament to pass laws to improve women's status. Don't worry about the approval of the Senate, Monsieur Lalonde. This chamber has a perfect record of giving assent to any legislation approved by the cabinet—and in justice to honourable senators, women can trust their common sense, justice and gallantry to support any reasonable approach to equality, and equal opportunities for women.

● (1430)

[*Translation*]

Hon. Martial Asselin: Honourable senators, first of all I want to congratulate Senator Quart for her speech. If the men do not soon get together and form an association to fight for their equality and their interests, they will soon be outstripped

by the women, especially by those who in the House of Commons and in the Senate make speeches of the calibre of that delivered this afternoon by Senator Quart.

Of course, as in years past I intended to take part in the debate on the Address in reply to the Speech from the Throne. I hesitated to do so because, naturally, my learned colleagues in this chamber went over almost all the topics mentioned in the Speech from the Throne. I wondered whether my comments could bring anything to the debate. On second thought, I decided that I too should do my share and bring my contribution.

As tradition would have us, when we speak to the Speech from the Throne, we congratulate the movers of the Address in reply. In my turn, I therefore congratulate them and say to them that they performed their duty with courage. Courage because on glancing at their intervention they did not say much about the Speech from the Throne but spoke of the problems of their respective provinces. I want to congratulate them because they did so beautifully.

Madam Speaker, I also want to congratulate you for the way you carry out your responsibilities as Speaker of the Senate. You do it in an unbiased manner. Moreover, you are assured of all the cooperation of honourable senators on this side of the house.

Today I am very pleased indeed to see that Senator Perrault is still Leader of the Government.

Senator Choquette: You had doubts?

Senator Asselin: Yes, I doubted seeing him back in his seat because, if you read over the statement made by Mr. Marchand when he left the federal scene to go to Quebec, you will see he said, "I had several options. I could have taken over another department because the Prime Minister invited me to come back in cabinet in September. I refused on principle. I was also offered another option. I was told: why not go to the Senate to become Leader of the Government there?" Obviously these words by Mr. Marchand grieved us a little because, although the Leader of the Government does his job well, it remains that he is the one who must be answered. Now and again we must refute the arguments he brings before the Senate. I think he has an important position here, among the official opposition, because he is a good target; however, he still defends himself very well. Senators on the government side were so concerned that Senator Connolly decided to set the matter straight. Having read Mr. Marchand's statement, Senator Connolly rose on a question of privilege to say how much we wanted Senator Perrault to remain Leader of the Government in the Senate. It is obvious Senator Connolly was reminded of his adventure when Senator Martin was appointed government leader in the Senate. So I believe he has done a good job. I commend him for having reassured the Senate, particularly the senators on the government side, that Senator Perrault would still be with us at least for another session.

Incidentally, I would like on my behalf to wish Senator Connolly well. I am told he is in hospital. I would like, on my behalf and on behalf of the official opposition, to wish him a speedy recovery.

Senator Perrault will, of course, have to leave some day, and we are ready to take his place since we know that we will very soon be called upon to form the next government. I can assure you that we have here a leader who is fidgetting, ready to cross the floor of the house and take Senator Perrault's place. I am sure it will be an excellent choice on the part of the next government when the Leader of the Official Opposition will become the Leader of the Government.

I read the Speech from the Throne. Not unlike many others, I found it was vague, lacking in precision and mute about many very important matters. I think the Speech from the Throne amounts to an electoral proclamation for restoring the fortunes of the government. Somebody in the other place said—and he was not wrong—that the Speech from the Throne was written by Dr. Gallup, of Gallup poll fame, to give back to the government the prestige it had lost during these last months.

I was waiting for a Speech from the Throne which would first grapple with priority economic matters. I told myself that, because our country was in a difficult situation as concerns the economy, unemployment, inflation and high taxes, we would at last have a Speech from the Throne which would show us at once the economic and legislative priorities of this government. I was very disappointed last week when the Leader of the Government in the other place presented a list of legislation to be immediately introduced. The matter was urgent. In this list I have here with me I cannot see any legislation which would give priority to the economic problems of Canada. Indeed, that is the one and only very important problem this government now has to meet. The point is to get this country out of the present economic stagnation. Let us see now what we have as legislative priority.

• (1440)

We have a bill to amend the Canada Deposit Insurance Corporation Act and one to amend the Canada Lands Surveys Act. That surely is good for the economy. We have a bill respecting Diplomatic and Consular Privileges and Immunities in Canada. All that is economically viable. We have an act respecting the administration and development of certain fishing and recreational harbours in Canada. That is also economically viable. We have an act respecting the national anthem of Canada. That is important, but it can wait. Economic matters are far more important. We have an act on historic sites and monuments. That is economically viable. We have an act to amend the customs tariffs and also a few others that are listed. But where are the legislative economic priorities of the government?

So, as I suggested earlier, Canada is faced with an alarming inflation, with an unemployment rate which has nearly become historic in the political annals of Canada. What should the government do? First and immediately after the Speech from the Throne it should urgently introduce top priority economic legislation in the other place to give that problem the most attention possible.

What is serious, very serious, is that the government is now suffering from a credibility gap. Public polls show an increasing lack of confidence in the government among the people because Canadians do not know where their government is leading them.

Are we moving toward a more socialistic society? Is the government going to interfere in private business, as the head of the government suggested last year at press conferences? Or will they maintain the policy of free enterprise where I think competition is still the best incentive for the economic development of this country?

Honourable senators, what are the objectives the government has in mind once the controls are lifted? That is an important question. It is all very nice to accept controls over salaries and prices for a period of one or two years, but what are the objectives of the government after that? How are we going to put the economy of this country back on the right track? It is not enough to say that we have established price and wage controls and that they are going to last for a year or two. But what businessmen want to know—and they are prepared to cooperate to help put the Canadian economy back on its feet—what they want to know is what is going to happen next.

The Speech from the Throne does not give any details on that question. What are we going to do to settle the serious problems of our balance of payments, when we know that the competitive position which Canada reached in the past on the international markets is still deteriorating? Because of the high costs of housing, many Canadians cannot afford to buy their own homes. In 1976, those on low salaries have to borrow money to build their own houses. But, because of the high interest rates, these people must borrow money to finance the building of their houses but they can only pay the interest on their loans because of the extravagant cost of money in our country. And all this because Canadian currency is held at an extremely high inflationary level.

I wonder what the government has done to help the so-called grey areas. As you know, I come from a rural area where investments are rare. Consequently, we need government programs to stimulate our economy and give jobs to our people. We put a lot of hope in the regional development programs that the government launched, or in the programs aimed at reducing regional disparities. Unfortunately, we have been deceived by the application of this program.

[*English*]

Speaking as a senator from the province of Quebec, I do not deny that Quebec is getting its full share of federal government aid through DREE. However, that aid is not being properly directed. It seems to be going into the urban areas, for the most part, whereas it is our rural and semi-rural districts that are suffering. Of the grant money going into the province of Quebec through DREE, 80 per cent ends up in the major urban areas of Quebec City, greater Montreal and Trois Rivières. In other words, 80 per cent of the jobs being created in the province of Quebec through financial aid from the federal government are being created in the urban areas.

As a result, there is an exodus from the rural and semi-rural regions to the urban areas. People are leaving the rural areas of Quebec in search of jobs in the urban areas, which is the very thing DREE was designed to prevent or counteract. DREE funds were to be directed towards the development of industry in the rural areas, and the creation of jobs in those areas so that people would not have to move to the urban centres and contribute further to the problem of overcrowding there. That is not how it is working in practice. Officials of DREE do not insist that firms receiving grants should set up shop in rural areas. As a matter of fact, DREE does not seem to pay close attention to who is soliciting funds under the program.

It appears to me that too much of the available money is going to large companies. To cite one example, IBM was granted $6 million in 1971 to locate in Montreal. There are two things wrong with that. First of all, Montreal is not as badly in need of job creation as are some of the rural and semi-rural areas. Secondly, this company would likely have set up there in any event, without the government's help, if it were practical for it to do so. Not enough of DREE's help is going to small and medium-sized businesses; particularly, not enough of it is going to helping companies involved in the production of durable goods. That is the economic sector that is moving. That is where the demand is.

● (1450)

Another shortcoming is that DREE waits for people to apply for grants. There is a lack of communication. The government should be aware that a small or medium-sized business in a rural or semi-rural district is not likely to have a battery of super-sophisticated big-city lawyers fully conversant with the various ways in which one goes about lobbying the federal government and its departments for grants. The small rural entrepreneur is often not aware of the help that is available, and the government is not doing enough to make him aware. Also, DREE has no way of verifying that the claims made by a firm when it applies for a grant—claims, that is, with regard to the number of jobs the firm will create with the grant—ever become a reality.

I fear that at times, when jobs have been created at a new plant opened up with federal aid, the same firm has closed another plant and put the same number of people out of work, so that there is no net increase in jobs.

Another crying shame, as far as DREE is concerned, is the lack of coordination with Canada Manpower. I have heard the excuse that there is, for example, an electronics plant wanting to set up in the province. DREE tells the people that if they want help they should set up perhaps in the Gaspé region. They will counter by saying that there is no skilled labour there, and so DREE will agree to let them set up in some urban area. What they should do is to get Manpower to institute a training program for the unemployed in the rural or semi-rural region in question, and insist that the firm set up there, even if it is not going to be for another year. At least,

the people will be interested in taking the training if they know they will later be able to use it and earn a living in their own area.

In short, DREE is wasting a lot of money in Quebec. It is not going to the right places. Geographically, it keeps going to the urban areas where it is not needed. In terms of business, it is going to the large firms who could get along without it. Economically, it is going to help industries that very often have limited scope and a rather short future. We are not making sound investments with our DREE moneys.

[*Translation*]

In short, this program was supposed to be extremely useful for the people in rural and semi-rural areas and those who need it to establish industries. As I said, if this program were well managed and better coordinated, it would be quite effective. This is what rural areas need to create employment for idle men and women who would still like to work.

Honourable senators, I have just stated briefly that economic conditions are bad in Canada.

I also regret to add that things are also bad in Canada as far as national unity is concerned. Never in my opinion has national unity been jeopardized to such an extent. We are now witnessing a growing wave of fanaticism in English as well as French Canada. The principle of the Official Languages Act is being challenged, yet all political parties—I repeat, all political parties in the other place, in the House of Commons—approved that principle and still support it. However, dogmatism, imbalance and fanaticism have dealt the worst blows to bilingualism. Nevertheless, honourable senators, bilingualism in the civil service is only the acknowledgment of a fair rule. As I said, this is only recognizing a principle of fairness. If the government erred in the implementation of that principle of bilingualism in the public service, because that apparently is the problem, they should correct the situation in order that that principle of justice may be adhered to.

All kinds of problems were met across the country concerning the language policy. In western Canada and in other English-speaking areas the suggestion will be that the language policy goal is to force every Canadian to speak both French and English. It is nothing of the kind. We hear the same remarks from certain extremist groups in Quebec.

The language principle is not aimed at forcing French down the throats of Anglophones, or English down the throats of Francophones. Bilingualism in the public service is to allow any Canadian taxpayer to communicate in his mother tongue with the representatives of his government, with the representatives of his Parliament.

In my view, the current language malaise is due to the fact the government failed in giving a clear explanation of its policies under the Official Languages Act when that legislation was passed, either in the House of Commons or in the Senate. I believe we had the best example of that last summer when the air-to-ground communications problems arose in Quebec. That was a striking example. Can you imagine: even the Minister of Transport, a member of cabinet, has failed to grasp the principle of bilingualism and its repercussions in the public service. He did not understand that issue of air-to-ground communications. He did not understand the official languages principle.

As far as air-to-ground communications are concerned for French-speaking pilots in Quebec, I submit that the most stringent safety considerations alone—and this would have to be proven—might warrant a withdrawal of the right to speak French in air-to-ground communications in Quebec. I believe I made myself sufficiently clear on this point. However a board of inquiry was established. Air Canada was drawn before the courts to examine whether its instructions to its pilots to use only English were legal. The Quebec Court of Appeal found this was not so. It ordered Air Canada to withdraw its instructions to Quebec pilots, and to provide French translations of its manuals. That judgment was rendered more than a month ago, but yesterday I read in the papers that injunctions had to be taken to force a crown corporation to comply with a court order. Such is the situation, honourable senators.

In addition to the bilingualism crisis, we are now facing a constitutional crisis. Everything is fine in Canada, just fine! We are facing a constitutional crisis. This time the provinces want to frustrate the federal efforts to patriate the Constitution.

How can unity exist in the country when there is a constitutional confrontation between the federal government and the provinces on such a vital and crucial issue?

One will say that the Prime Minister, Mr. Trudeau, during his trip to Quebec City, provoked the provinces about the patriation of the Constitution and that he even said about Mr. Bourassa, "Ti-Pit Bourassa does not know anything about it." He even called him "Ti-Pit" when he was in Quebec City. It was related that the Prime Minister provoked the provinces when he added, "If you do not want to patriate the Constitution with an amending formula acceptable to all provinces, I will do it unilaterally." It is obvious that if such was the intention of the Prime Minister, it was a kind of challenge to the provinces. We have also seen that there is no agreement in the cabinet on that matter since the Minister of National Defence has deemed necessary to resign as a result of that disagreement. Everything is going fine, just fine, in Canada. Mr. Richardson, the Minister of National Defence, has just resigned on a question of principle in connection with the constitutional issue. However, our situation in Quebec is a lot worse just now. The election campaign is in full swing. Mr. Bourassa, the leader of the Liberal Party in Quebec, has introduced his platform by saying, "Listen, this election will be of great significance to Canadian history, because very important constitutional issues must be settled," yet there has been no federal-provincial conference to deal fully with this issue of the patriation of the Constitution to Canada and the ways to amend it.

Then there was the letter addressed by Premier Lougheed of Alberta to the Right Hon. Mr. Trudeau, Prime Minister of Canada, dictating to him certain terms to be discussed with the provinces. However, there has been no firm negotiations

yet between the federal government and the provinces to discuss and agree on a patriation formula and the ways to amend the Constitution.

● (1500)

We are still waiting for that. Just imagine, we are still waiting and Mr. Bourassa says, "We are living historical times. I must call an election on this issue because we shall have to fight great battles with the federal government." So, the provincial government and Mr. Bourassa want a confrontation with the federal government. As you can see, everything is all right in Canada; everything is fine in Quebec as well.

As for us, we are caught. We do not know what Mr. Bourassa is referring to. Last time, during the election campaign, they were talking about cultural sovereignty but he has never defined it. Now he is talking about the primacy of the legislative assembly in cultural and communications areas. He still does not define it. He claims he is pressing for cultural and communications safeguards, but we do not know against what. He does not mention how this will affect certain federal agencies. We know a bit about constitutional matters but let us think of the little guy who is going to vote and knows nothing about the Constitution. The premier is saying to him: This is a momentous decision, give me a mandate. Then he talks about solving a problem that he has not even discussed. And now, Mr. Bourassa, who has 100 seats in the assembly says, "I am going to hold an election because I want a clear and specific mandate."

You can now see the situation the Quebec voters are in. It is no surprise, with the bickering over the Constitution, the bilingualism problem, the confrontation between Bourassa and Trudeau and the premiers of other provinces, if separatism is rising in Quebec. The people say: those politicians do not know where they are going. There is a separatist option, so people will go for it and vote accordingly. Then, you will see—I am not a separatist, I believe in federalism, in Quebec nationalism at least—but you will see at the next election that the Parti Québécois could get 35 per cent of the votes. People will wonder why? It is for this reason. It is because of the disagreement. People say, "We want a clear and precise option and the Parti Québécois provides it. Let us try this government. Then if it wants independence we will ask for a referendum and we will refuse. Then we will have a government like the others." It is tomorrow that the Quebec population—

Senator Langlois: There will then be two referendums instead of one.

Senator Asselin: In any event, I am certainly not here to defend Lévesque's thesis.

Such is the situation in which Quebec voters find themselves. In spite of all this, it is funny because in the election campaign now under way in Quebec we see things that were never seen before. Some ministers, while with the federal government, always supported Mr. Trudeau on those matters which have always been essential and of prime importance. They always maintained that the other provinces were wrong. The same ministers—there are at least two now—are going to Quebec to help Bourassa and tell him: you are right and Trudeau is wrong. How can Quebec voters vote properly? Two ministers of the Trudeau government, who always supported the same Trudeau on the essential linguistic and constitutional policies, leave Mr. Trudeau saying they will help Bourassa defend his position against the federal government. That tops it all.

I have spoken long enough now but there is something I would like to add in conclusion. I read the speech of the Leader of the Government. I found something very reasonable in it. The leader stated that he had considered a kind of formula—I do not know what formula but I hope he will say more about it—to allow the Senate's participation in the national unity debate. I hope I was not confused, that I read correctly even though my sight is bad. I believe I did read that in his speech. He has in mind a formula—as he said, of course the vocation of the Senate is to protect the rights of minorities and provinces—the government leader had in mind a formula to be used by the Senate to clarify the situation about national unity.

I do not know what kind of formula. Is it reasonable? I want to tell the Leader of the Government that we on this side of the house are going to examine it seriously and that we will always be happy to cooperate with him to devise a formula which, we hope, could restore the confidence of Canadians in their institutions and put an end to the rising confrontation climate which, in my opinion, is destroying our country.

[*English*]

On motion of Senator Inman, debate adjourned.

● (1510)

MANPOWER AND IMMIGRATION

REPORT OF NATIONAL FINANCE COMMITTEE ON MANPOWER DIVISION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Everett calling the attention of the Senate to the Report of the Standing Senate Committee on National Finance, appointed in the last session of Parliament and authorized in that session to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ended the 31st March, 1975, tabled in the Senate on Tuesday, 19th October, 1976.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to the honourable Senator Sparrow.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Herbert O. Sparrow: Honourable senators, I am pleased to be able to speak in this debate concerning the report of the National Finance Committee on Canada Manpower, as it affords me the opportunity to tell honourable senators how I enjoyed being—and I hope I can continue to be—a member of

that committee. Working in close harmony with the intelligent and talented members of that committee was an exhilarating experience. I want to express to them my thanks for being friendly and helpful, and generous in sharing their great knowledge and expertise with me.

It affords me as well the opportunity to congratulate Senator Everett on his excellent speech of a few days ago, in which he explained to this chamber some of the details of the workings of the National Finance Committee, and particularly on his explanation of this report.

As the committee's chairman, Senator Everett has brought a wealth of experience, a broad knowledge, and an open and innovative mind to our deliberations, and through his leadership the committee has broadened its scope to in-depth studies that have been of great value to Canada.

The Canada Manpower report itself is receiving wide acclaim as a constructive document. I consider this report as being of great value to the Canadian public, particularly that part of Canadian society seeking employment now and in the future.

If the recommendations contained in the report are afforded their proper place in the future deliberations of the government and the Department of Manpower and Immigration, the efficiency in the administration of the department will be measurably improved, the cost of matching people to jobs will be reduced, and greater satisfaction to more job seekers will result within a shorter time frame. The benefit of bringing more people into the work force earlier than usual will, in addition to the obvious monetary and social benefits to the worker, bring relief to the unemployment insurance fund and social welfare funds, and will result in a positive increase in the gross national product.

The value of in-depth studies of the operation of government departments has now been proved, and I hope the National Finance Committee will continue with such studies in the future.

These special studies should not, and I hope will not, restrict nor appear to diminish the importance of the review of the estimates that are laid before Parliament from time to time. I consider the right of honourable senators to question any area of government spending in committee, and their privilege of debating the estimates in the chamber, important fundamental rights. Indeed, they provide opportunities for members of the Senate to better serve their country by informing Canadians of the contents of the estimates.

I am pleased to know that the committee has challenged itself to take an on-going look at its report, and to meet with the minister of the department and his officials from time to time, in order to determine whether, in fact, the department has been dilatory in carrying out the recommendations contained therein. I suppose in this regard we can take a leaf from Senator Croll's book. He has not let his reports wither and die, but continually jogs the memories of this chamber, the government and the people of Canada as to the important recommendations made by committees he has chaired by outlining those areas on which action has been taken as well as those on which there has been no action. This approach adds immensely to the value of the study. It is too easy for the government of the day, for many reasons, to avoid implementing recommendations. The approach of doggedly bringing to the attention of the government recommendations that have not been carried out has been proven by Senator Croll to be of value, because most of the changes proposed by committees with which he has been involved have eventually been accepted by government.

Senator Everett has outlined in detail three major recommendations in the report. Those three major recommendations follow along the line that Canada Manpower should not operate like a private employment agency but as an unemployment agency, and must assist job seekers who want help. It cannot refuse to assist job seekers who want assistance. Training of the unemployed and the under-employed should be related more to the job market as it exists today, and to the job market which will exist in the future. The tendency in recent time has been for Canada Manpower to move into the welfare field, and it is the committee's recommendation that if people require welfare assistance they should be referred to the existing agencies that can help them. Your committee believes that the job of Canada Manpower should be confined to placement, counselling and training.

In addition to the foregoing recommendations which were explained in detail by Senator Everett, there are a number of others, some of which I would like to comment on. There has been much discussion over a number of years of the role of private placement agencies. These are agencies that find suitable employees for employers on a fee-for-service basis. Employers are obviously prepared to pay well for the services of such agencies, as there has been a steady growth in their number. Such agencies are specifically prohibited in a number of European countries. Canada has not followed suit in this regard, and has not ratified the relevant Convention of the International Labour Organization (No. 96), passed in 1949, which proposes the abolition of fee-charging employment agencies conducted with a view to profit.

The former Minister of Manpower and Immigration, the Honourable Robert Andras, told the committee that no federal action is at present under consideration which would—and I quote his words—"arbitrarily insist on the elimination of all private agencies which operate under business licences from the provinces," even though the government receives many recommendations regarding this matter, the majority of which recommend a restriction of private agencies in their operations.

There is, in fact, a private member's bill which was placed on the order paper of the other house a few days ago, which, if passed, would require the federal government to negotiate with the provinces with respect to legislating the provisions of the International Labour Organization's convention, thus effectively destroying such private agencies. It is my opinion that the private agencies are filling a need in the labour market, and are doing it without the aid of tax dollars, and their services should not be curtailed in any way. I further believe

that the Department of Manpower and Immigration should not embark on any new programs that would compete with the private agencies in the area of finding employment on a fee-for-service basis. This, I believe, is an area of service which should be left to the private agencies.

The report itself states:

> It would be difficult for the Division to take over a viable part of the market from the entrenched private agencies who have a high degree of acceptance by employers.

Unless the division were conspicuously successful the image of the public employment service held by employers would be further damaged. It is more important that the division concentrate on making its basic placement function more effective without adding any new areas of activity requiring expensive specialization.

The committee's recommendation, to which I subscribe, is that expansion of the professional and executive placement services would be a questionable use of public funds. It also recommends that the division should not develop a distinctive specialized service, even if a fee were to be charged for this service.

Another proposal that concerns me, one that is made from time to time, is that employers be required to list all their job vacancies with Canada Manpower. If this were the case, the statistics of the department in relation to the number of placements would be high, but that is the only benefit I see of such action. I believe that such a requirement would not benefit either the employer or the job seeker. The employer and the job seeker should always have the freedom of choice as to whether they use the government agency or not. Any compulsory measures in this regard would be a retrograde step. The committee report states in its conclusions that employers should not be required to list all vacancies with Canada Manpower Centres. I subscribe to this recommendation.

● (1520)

Manpower training is an important part of the division's activities. An average of about 300,000 persons participate in Canada Manpower training programs each year. This part of the division's responsibility uses in excess of 60 per cent of its total budget. It is recognized that this function is important to the job seeker and to the employer.

There is an unattractive statistic to face, however, and that is that over one million people have only four years or less of formal schooling. This is the portion of the adult population of Canada which is considered to be functionally illiterate, and their underemployment can be directly attributed to this fact. It has been established that the unemployment rate among those who have not completed primary school is six times higher than that among high school graduates. The cost of basic training for skill development accounts for about one-third of the cost of all institutional training, or well over $100 million per year.

These facts are disturbing indeed, when one considers that basic education is a responsibility of provincial governments. When we have one million functionally illiterate persons in our nation, it appears to me that the provinces have been, if not negligent, at least lax in their duties. These statistics are even more alarming when we realize that Canadians spend more per capita on education than any other developed country; and that our educators are the best paid.

The report states that the committee is concerned when basic educational training, an area which is essentially a provincial responsibility, is costing the Manpower Division in excess of $100 million annually, and recommends that this situation be reassessed and remedial action taken as necessary.

There are a number of other concerns expressed in the report and further recommendations are made. I hope that honourable senators will find the time to read the complete report. However, if that is not possible, a reading of the summary of conclusions and recommendations would be most helpful towards a better understanding of the problems outlined.

I commend this report to honourable senators.

On motion of Senator Carter, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 28, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

MINUTES OF THE PROCEEDINGS

CORRECTION

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that the names of the Honourable Senators Quart, Norrie, McNamara, Eudes, and Rowe were inadvertently omitted from the attendance sheet printed in the *Minutes of the Proceedings of the Senate* of yesterday.

I sincerely regret this inconvenience and wish to ensure the honourable senators concerned that their names will be added at the appropriate place in the official records of the Senate and in the revised edition of the *Minutes of the Proceedings* to indicate that they were present at yesterday's sitting. I hope that is satisfactory.

DOCUMENTS TABLED

Senator Perrault tabled:

Capital Budget of Atomic Energy of Canada Limited for the fiscal year ending March 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1976-2125, dated September 8, 1976, approving same.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1975, pursuant to section 32 of the National Harbours Board Act, Chapter N-8, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Department of Transport containing a Statement of Wharf Revenue Receipts and a Statement of Harbour Dues for the fiscal year ended March 31, 1976, pursuant to section 14 of the Government Harbours and Piers Act, Chapter G-9, R.S.C., 1970.

Report of the Administrator of the Maritime Pollution Claims Fund for the fiscal year ended March 31, 1976, pursuant to section 747 of the Canada Shipping Act, Chapter S-9, as amended by Chapter 27 (2nd Supplement), R.S.C., 1970.

Copies of the Reinsurance Agreement, dated October 1, 1976, between the Minister of Energy, Mines and Resources and the Nuclear Insurance Association of Canada, pursuant to section 16(2) of the Nuclear Liability Act, Chapter 29, R.S.C., 1970 (1st Supplement).

Recommendation of the Anti-Inflation Board, dated September 10, 1976, to His Excellency the Governor General in Council, pursuant to Section 12(3) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, regarding the four Pilotage Authorities in Canada; namely, the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority and the Pacific Pilotage Authority.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(3) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. The Saskatchewan Construction Labour Relations Council and its employees, represented by various unions and locals, dated October 18, 1976.

2. The Timiskaming Board of Education, New Liskeard, Ontario and its administrative staff, dated October 20, 1976.

3. Nordair Limited and their employees represented by The Canadian Airline Dispatchers' Association, dated October 20, 1976.

4. Canadian Salt Mining Company Limited, Windsor, Ontario and their employees represented by the United Automobile Workers, Locals 195 and 240, dated October 20, 1976.

5. The Dryden Ontario Board of Education and its Senior Administrative Staff, dated October 20, 1976.

6. London Life Insurance Company and its Executive Group 001, dated October 20, 1976.

7. Brunswick Ready-Mix Limited, Saint John, N. B., and its employees represented by the International Union of Operating Engineers, Local 946, dated October 20, 1976.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Petten: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, November 2, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to give you a brief summary of the work scheduled for the coming week.

First, the committees. On Tuesday the Standing Senate Committee on Foreign Affairs will meet at 2.30 p.m. to continue its study of the two preceding sessions of Canada's relations with the United States. The Standing Senate Committee on Transport and Communications will hold its organization meeting when the Senate rises.

On Wednesday there will be an organization meeting of the Standing Senate Committee on Agriculture at 10 a.m.

On Thursday at 9.30 a.m. there will be another meeting of the Standing Senate Committee on Foreign Affairs concerning Canada-United States relations. Also on Thursday at 9.15 a.m. there will be an organization meeting of the Standing Senate Committee on Health, Welfare and Science.

In the Senate it is expected that the debate on the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply to the Speech from the Throne will be concluded on Tuesday evening. Bill C-15, dealing with customs tariffs, now before the other place, should reach us before we meet next week.

Senator Flynn: That is the only bill that is expected for next week?

Senator Petten: This is the only bill we know of at this time.

Senator Flynn: No bill will be initiated in the Senate?

Senator Perrault: Honourable senators, there will be a number of bills originating in the Senate again this session. I hope to have a more complete report at the beginning of the week. However, I assure you that there are pieces of proposed legislation that we will be handling very shortly.

Senator Flynn: No probability of being recalled urgently as we were last week?

Senator Croll: Friday or Saturday?

Senator Flynn: I asked about this last week and I was told there was no chance of our being recalled. I had scarcely reached home when I received a phone call that the Senate had been recalled.

Senator Perrault: Honourable senators, as much as possible we shall attempt to avoid circumstances of the kind that prevailed on Friday last. Again on behalf of the government I want to apologize for the fact that the deepening gravity of the crisis at Halifax and the government's final response had not been totally determined before we adjourned last week. At the same time, I want to thank so many senators, some of whom came from great distances to make possible the passage of this important legislation.

Senator Flynn: I think that, in all fairness to the Senate, the Leader of the Government should acknowledge that there was a lack of communication. In the other place it had been stated that the bill would be introduced on Friday. And that was done before we adjourned here on Thursday; indeed, before we had even met at 2 o'clock.

Senator Perrault: I can only say that at that time no final decision had been taken that the passage of the bill would be required through all of its stages, through both chambers, by Friday evening. Together with you, I regret that a governmental decision could not have been made earlier.

Motion agreed to.

THE ESTIMATES

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Senator Everett, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the estimates laid before Parliament for the fiscal year ending the 31st March, 1977, tabled in the Senate on 19th February, 1976.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Senator Everett, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Standing Senate Committee on National Finance be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

PUBLIC WORKS

RENOVATION OF LANGEVIN BUILDING—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have a reply to a question asked on June 22 by Senator Molson with respect to the redecoration, renovation and rehabilitation of the Langevin Building. It will be recalled that the honourable senator asked for information under the headings of structural, mechanical, decoration and communication.

The answer is as follows:

Structural	
Including Architectural and Miscellaneous expenses.	$2,126,329.00
Mechanical	
Including Electrical.	$1,373,362.00
Communications	$150,000.00
Decoration	
(Furniture provided by Client)	$256,975.00
Sub-Total	$3,906,666.00
Consultant and Miscellaneous	$ 453,149.00

That makes a grand total of $4,359,815, for what is hoped to be a very productive work centre.

• (1410)

DEPARTMENT OF JUSTICE

DIRECTOR OF INFORMATION SERVICES—QUESTION

Senator Forsey: Honourable senators, I have a question for the Leader of the Government, of which I gave him very brief notice, I am sorry to say. I should have given it to him sooner, so I presume he will take the question as notice now. The question is sixfold:

1. Who is now Director of Information Services in the Department of Justice?

2. When was he or she appointed?

3. Is he or she a lawyer?

4. What was his or her previous position, if any, in the public service?

5. If he or she came from outside the public service, from what position in the private sector?

6. What is his or her salary?

Senator Perrault: Honourable senators, because of the detailed nature of that question, it may be necessary for me to consult with the Director of Information Services in the Department of Justice and with other reliable sources. We will attempt to obtain the information as soon as possible.

HEALTH

SWINE INFLUENZA IMMUNIZATION—QUESTION

Senator Bonnell: Honourable senators, I have a question for the Leader of the Government, of which he has no notice. Is it the intention of the Government of Canada to scrap the plan for the large-scale immunization program for swine flu, as announced by the CBC on Monday evening? If that is not the plan and there are no changes in it, when can the people of Canada expect to receive swine flu immunization?

Senator Perrault: Honourable senators, I wish to thank Senator Bonnell for his timely question. It seems to me that it would be useful for honourable senators to have an official statement from the government on this matter of the swine flu vaccine, which is an important question for all Canadians. If I am able to obtain information before we adjourn our proceedings this afternoon, that statement will be provided; otherwise I would hope to make a full statement next week.

ENERGY

PROPOSED PETROLEUM AND NATURAL GAS ADMINISTRATION ACT—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Government a question on the subject of the proposed Petroleum and Natural Gas Administration Act. The government leader may know that the government suspended the old Canada Oil and Gas Land Regulations and its operation to issue new permits back in the spring of 1971. The oil industry has been awaiting a new land regime for some years, and at this stage, with the potential of northern oil and gas lands becoming more likely to be a reality, I would ask the government leader whether he can assure this chamber that the oil industry and the people of Canada will see this new legislation in the near future? I would also ask whether it would be possible for this chamber to have that piece of legislation brought here first.

Senator Perrault: Honourable senators, of course all honourable senators would welcome as many bills as possible in this chamber. However, it may be said that the new regulations will probably not be available before Christmas.

Senator Flynn: Which Christmas?

Senator Perrault: There will be an effort made, however, to obtain a more exact date.

Senator Flynn: Before Christmas.

Senator Perrault: Hopefully that information can be provided next week.

Senator Grosart: Before next Christmas.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply thereto.

Hon. F. Elsie Inman: Honourable senators, on rising I wish to say how pleased we all were to see His Excellency the Governor General able to be present at the opening of the Second Session of the 30th Parliament of Canada and to note that his health has greatly improved. It was a pleasure to see and hear Her Excellency, Madam Léger, so ably assisting His Excellency in his duties by reading part of the Throne Speech.

We are pleased to see our beloved Speaker again presiding over our deliberations in her very gracious and efficient manner. We are proud indeed to have her in the Speaker's Chair.

Nous l'aimons tous.

Our two leaders are again with us and I wish them good health and success in their difficult positions.

To each and every member of the Senate staff I offer my best wishes, and commend them for the efficient manner in which they carry out their duties.

My congratulations at this time to the mover and seconder of the Address in reply to the Speech from the Throne. Their speeches were interesting and informative. Senator Lucier gave a most able and detailed description of the territory which he represents in the Senate, of its problems and concerns. The Yukon is a beautiful, fascinating part of Canada. I had the opportunity of a short visit to Whitehorse and vicinity when the Poverty Committee, under the very able chairmanship of Senator Croll, held meetings there. I can fully understand the "pull of the north," an expression used by those who know and love the Yukon. Senator Lucier will, I am sure, be a valuable member of this chamber.

Senator Barrow, in his excellent speech, gave us an enlightening insight into the problems and troubles of his province of Nova Scotia. Being a maritimer myself, I understand and appreciate his concern for the welfare of his province.

At this point I wish to thank honourable senators who so thoughtfully sent me letters and cards of good wishes when I was hospitalized for so many months last winter and spring, for the beautiful flowers from the Senate and for the interesting and delightful Valentine card containing signatures of honourable senators. It was a real conversation piece in my hospital room. I am happy to be back in my seat and I look forward to taking part once again in the work of the Senate.

Turning to the Throne Speech, I was pleased to hear that the government is very aware of the existing inflation, unemployment, and the high cost of living in Canada today, especially in the fields of energy and utilities, and that plans to legislate measures to lower the percentage of inflation and bring some relief to the unemployed are contained in the Speech.

I also note that the policy with regard to bilingualism and biculturalism is to be changed. I am very much in favour of Canadians having the two founding languages preserved, but there has been too much money and time spent on trying to teach older people one language or another when they have no discernible need for a second language. The place to begin is in the classroom, with the young children.

I recall some years ago meeting a Malaysian who spoke perfect English, which is the Malaysians' second language. I asked him how he learned to speak English so well. He said they started at the first grade in school and that on one day of each week the classes were conducted in English. So by the time they graduated they were perfectly bilingual. That might be a good system to follow in Canada, and it is one that has been advocated by many knowledgeable people.

Now a few words about my province of Prince Edward Island, with its golden beaches, red soil and green grass, set in the blue waters of the Gulf of St. Lawrence. Being an island, we have many problems, transportation being one of our greatest concerns. Much of our food stuffs and almost all manufactured goods have to be brought in, and our products must be shipped out by water and/or by air.

Tourism has become one of our greatest income-producing industries. Therefore it is necessary that our transportation system be adequate to meet our needs. Last summer was not a good tourist season on Prince Edward Island because of the cool, wet summer and, no doubt, because the Olympics in Montreal and the Bicentennial of the United States of America were attractions to many who might otherwise have visited us. However, it was a good growing season. The crops were heavy, and by harvest time the weather had improved and farmers were able to harvest most of them in good condition. Since agriculture is our main source of income, to some extent this will offset our tourist losses.

Most Islanders would place fisheries as second only to agriculture as our primary source of income. However, that pattern has undergone changes in recent years. The situation may improve in future, as our fishing industry will be better controlled because of the fishing limits set down by the federal and provincial governments with regard to foreign fishing vessels.

Energy has become another problem of great concern to our people. The high price of oil and gas to the Island, the highest in Canada, presents a real hardship to many at the present time. In fact, the cost of living in Prince Edward Island is the second highest in Canada. Transportation is, of course, the main reason for this, together with the cost of fuel. Unemployment is high in our province. This seems to be a chronic situation in the maritimes this past decade or more. The announcement this morning on the CBC that 500 personnel from the Department of Veterans Affairs are to be moved to Charlottetown very soon is encouraging news, since the addition of these people to our population should be a help to the economy.

● (1420)

We are pleased to note that the rate of inflation is starting to abate somewhat. I expect most shoppers are wondering in what areas this is to be seen, but we should hope for a better performance next year.

Canada is still a wonderful place to live and as citizens of a young and growing country we should feel proud to be Canadians.

Hon. George I. Smith: Honourable senators, this is the first opportunity I have had as a member of this chamber to participate in a debate on the Speech from the Throne. It is an opportunity which I am very glad to have, but I should point out, for reasons which may become apparent as I speak, that I cannot support the motion now before us in its present form.

I wish to join very warmly indeed in the compliments and good wishes which earlier speakers extended to His Excellency the Governor General and his charming consort. Furthermore, as is the case with all honourable senators, I am glad to know that Madam Speaker will continue to preside over our deliberations with the dignity, grace and charm which we have come to associate with her. I wish to thank her also for all her many kindnesses.

I should also like to offer my congratulations to Senator Inman on her speech, and to express the delight of all honourable senators in seeing her restored to health and strength and in her accustomed place in this chamber.

Honourable senators, I do not want to take up all your time in complimenting people, but perhaps you might bear with me while I say that we heard two excellent addresses yesterday, one from Senator Quart and the second from Senator Asselin. I also extend my congratulations to them.

The mover and seconder of the motion for an Address in reply to His Excellency's gracious speech also deserve our congratulations. I listened, as I am sure all of you did, with great interest to the informative eloquence of Senator Lucier. I look forward to hearing him speak frequently, and to learning from him more of that historic part of our country which he represents. My colleague from Nova Scotia, Senator Barrow,

in a clear and forceful way, placed before the chamber some of the difficult problems of our ancient province. I propose to speak on some of them too—not to criticize in any way what he said so well, but to emphasize further some of the points he made; and perhaps I shall mention one or two others.

However, honourable senators, I notice that both Senator Lucier and Senator Barrow had the very good judgment to perceive clearly the empty uselessness of the content inserted by the government in the Speech from the Throne. Each one of them made as little reference to it as was decently possible for the mover and seconder to do, and then moved quickly to discuss some questions of real importance.

They were followed by my distinguished leader in the Senate whose eloquent remarks pointed out so well the emptiness of the Speech from the Throne, the unprecedented public disrepute which the government has managed to achieve for itself, and for its policies and internal confusion and dissension which are the harbingers of its disintegration.

Senator Barrow spoke of power rates in Nova Scotia, as did Senator Inman a few moments ago in pointing out the situation with regard to power rates in Prince Edward Island. Those of Nova Scotia are now the second highest in Canada, and even now that province anticipates the probability of another increase. It is likely that such an increase will put us in the unenviable and difficult position of having the highest rates in Canada. He pointed out that one of the reasons for this is our very great dependence on the use of imported oil to create electrical energy.

I wish to support Senator Barrow's view that the request of Nova Scotia for a five-year subsidy to provide some interim assistance is reasonable, and to agree with him about the development of tidal power and the construction of an eastern Canada power grid.

Senator Barrow spoke also of the steel industry in Nova Scotia and its importance to our province and, indeed, to the country. I do not intend to duplicate what he said, but only to emphasize it. He mentioned the problem with the existing plant, many parts of which are rather elderly and for that reason are not as competitive as may be necessary to ensure the viability of the plant. Here, however, I must pause to speak of its rail mill, whose product is well known around the world and has an excellent and competitive reputation.

Senator Barrow drew the attention of the Senate to the plan to create a new steel mill in Cape Breton, which has become known as Canstel. As he did, I urge upon the federal government the basic importance of this project and the importance, too, of vigorous federal planning and financial support.

I could not help but be somewhat disappointed in the reply made in the other place by the Minister of Industry, Trade and Commerce to a question asked of him by the member for Cape Breton-The Sydneys on October 25. The minister replied that he did not think that a decision on the matter would come quickly. He also said that Ottawa was most interested in the project, and is studying all proposals put forward. But to me that does not appear to indicate the kind of positive, vigorous, constructive federal interest that is needed, and I hope the federal government's willingness to participate actively in this project is greater than the minister's choice of words seems to indicate.

I should like to turn now to the subject of regional disparity. I do not have to quote statistics to establish that the Atlantic region and parts of Quebec—and I know there are other parts of Canada in the same category—are not so advanced in economic prosperity as the central part and certain other parts of the country. That has long since been established and is recognized by all who are in any way informed about economic affairs in Canada.

As you have perhaps heard me say before, over the years since Confederation Canadian national policy in economic matters has had the effect of promoting growth in the central portion of the country, as a result of which that part of Canada has outstripped most of the rest of the country. It has become very strong economically, measured by any criterion. We in Atlantic Canada do not object to that; we recognize that a strong central part is good for Canada and that we are a better country for it. But we do say that it is time now to make a more determined effort to encourage the better development of the Atlantic region.

The former Minister of Finance, the Honourable John Turner, put it very well in a speech at a Canadian Club luncheon in Toronto a day or two ago. He is reported in the press as having said that Ontario has been a main beneficiary of Confederation, and has enjoyed a common market from coast to coast. He went on to say that perhaps the time has come to contemplate some decentralization of the influence which has been so beneficial to Ontario.

• (1430)

Of course, I have not lost sight of the fact that the Department of Regional Economic Expansion, utilizing the legislation under which it operates and the resources allotted to it, has done some very useful work, and I express appreciation for that work. Nevertheless, I feel, and submit to the Senate, that it has fallen far short of what is needed.

There are, of course, a number of reasons for this. It seems to me, however, that the most significant one is the lack of will to concentrate available resources on the development of outlying parts of the country. After all, the same development assistance is provided to areas that lie close to the great markets of Canada as is provided to those areas lying greater distances from those markets. Thus, the relative competitive position of the outlying areas is all too often little improved by the assistance given, simply because the same assistance is given to those competitive areas close to the centre of the country. It is understandable, of course, that governments prefer to operate under formulae which provide administrative ease and which can be said to be applicable to all parts of the country.

Honourable senators, this only perpetuates the relative competitive positions of the outlying regions. An improvement in the relative position of the Atlantic region, for instance, requires a national determination to concentrate development

resources in a massive effort designed and carried out specifically for that purpose, and nothing short of that will do the job.

I would like to turn now to a fetish which has recently been embraced by the Minister of Transport, that being "Let the user pay," which is closely related to the subject of regional disparity. "Let the user pay" seems to be a simple, straightforward idea until you begin to examine its effect were it applied to our various means of transportation. The minister and his department appear surprised at the resistance the idea has met in many parts of the country. But there was no need for surprise. To find out what the public thought of it, they only had to make a few inquiries outside the department before laying hold of it so warmly. But, as usual, that was too much to expect of this government. Of course, they may have asked Jack Pickersgill who, in a speech two years ago to the Air Transport Association, said: "If only users would pay for transportation, the Canadian public would get cheaper and more efficient transport."

Perhaps the minister and his department picked up the idea from there. But they should have remembered the sheltered eminence which Mr. Pickersgill occupied when he gave utterance to that myth.

As is so often the case with this government, there is a certain lack of precision in the way it has described or defined this concept. However, it appears to mean to the minister that all modes of transport should be paid for in full by the very people using them. The minister has already been told of the concern of people in many parts of Canada as to what this concept will do to their regions if it is fully applied.

Transportation, of course, is the very lifeline of every region and of the country as a whole. It is of special concern to the province of Nova Scotia and the Atlantic region generally. Our distance from the larger markets of central Canada and the central United States, and from the source of supply of those goods which we must bring from distances for our own use, makes transportation costs of absolutely vital importance to our industrial and commerical activities.

We all know Canada was built upon transportation links from the central part of the country to the Atlantic and to the Pacific. The provision of such links was a prerequisite to Nova Scotia's and New Brunswick's joining with the provinces of Ontario and Quebec to form this country in 1867. The story of the CPR is so well known that one hardly needs to say that its construction was a condition of British Columbia's joining Confederation.

From our earliest beginning, transportation has been regarded as an instrument of national policy to promote economic development, and, as we all know, public funds of Canada have been used in very large amounts for that purpose. Examples are all around us. Look at the CPR and the CNR, the St. Lawrence Seaway, our system of airports, the Trans-Canada Highway, roads to resources, nationally provided aids to navigation, nationally run ferries and national harbours, to name only a few.

Surely, a policy of "user pay" is not consistent with an effective policy of using transportation to promote economic development. How can you promote manufacturing in Nova Scotia, for instance, by imposing on the manufacturer, or the buyer of his products, say, in Toronto, the full cost of carrying that product from the factory in Nova Scotia to the consumer in Toronto? How can the Nova Scotian manufacturer compete in central Canada with his competition in southern Ontario if a national policy on transportation does not make his transportation costs competitive with those of his competitors who are situated close by the marketplace?

It may be said that it is not the government's intention to apply the policy of "user pay" so as to remove altogether the element of using transportation as a tool of development. Let us hope that it is so. But, undoubtedly, Nova Scotians today fear that "user pay" will be the rule and development the exception so far as they are concerned.

They fear even more that if the policy is applied to the Atlantic region it will not necessarily be applied equally everywhere in the country. They ask, for instance, such questions as: Will it be applied to the St. Lawrence Seaway so that the tolls will be raised sufficiently to finance the cost of the seaway, including the cost of extending its season by the use of ice-breakers? Is it going to do away with the Crowsnest Pass freight rates, thereby making the user pay? We will believe that when we see it.

It has been pointed out by others, but must be repeated over and over again until it is thoroughly understood by all concerned, that no matter how good a policy of regional development may be, its effect is bound to be severely restricted, or nullified even, by increased transportation costs. It is absolutely vital to the development of the Atlantic region that transportation rates to and from the region be kept at a level which enables our people to be competitive. No one has shown us yet that this can or will be done under a policy of "user pay." I urge upon the government, and in particular upon the minister and his department, that it is of the most basic importance to the Atlantic region that "user pay" must not be applied in such a way as to lessen our ability to compete in the markets of central Canada.

And what of the philosophy of "user pay" itself? We must not forget, I submit, that the user is not the only person who benefits from transportation facilities. The whole public benefits economically, socially, and in the general quality of life. What would Canada be like without railways, highways, airports and port facilities? Honourable senators, it does not take much imagination to realize that it would be a feeble, backward, badly underdeveloped country. One has only to think about it for a moment to realize the truth of that statement. I repeat, it is not only the identifiable direct user who benefits. In the sense that we all benefit from transportation facilities, we are all users. It is, therefore, fair and reasonable that we should all pay something towards the development, maintenance and improvement of our transportation facilities.

Honourable senators, as seems to be the case with others, I cannot find a great deal of encouragement for Canadians in

the Speech from the Throne. It may be that most of it is harmless, but there is one paragraph which, in the light of past statements by members of the government, fills me with foreboding. It is the paragraph dealing with medical insurance, hospital insurance and post-secondary education, which reads in part:

● (1440)

> In the areas of medical insurance, hospital insurance and post-secondary education, negotiations will continue with the provinces concerning the gradual introduction of new financial and administrative arrangements.

I fear this means the government is going to continue with the intention expressed some time ago to back out of its commitment to share in the full cost of medical and hospital insurance programs.

As is well known, the provinces were invited to enter those fields on the basis that the Government of Canada would share in the full costs. The programs have been financed on the basis of this commitment since they began. Now it appears this government is going to welsh on its promises. The sentence I just read uses the word "negotiations," but unless the government changes its course, that is a complete misnomer. As I understand the statement of intention as of a very short time ago, which I believe continues to this day, the government simply made a unilateral announcement that it was going to limit its contribution to a certain rate of increase per year in the cost of the programs. Honourable senators, does this sound like negotiation? To me it is just the opposite.

I agree that it is highly desirable to slow down the rate of increase in the cost of these programs. But surely the way to work at bringing that about is to work with the provinces in a strong, joint, cooperative effort; not to leave it to the provinces to go it alone. If a joint effort will not do it, certainly an effort by the provinces alone will not. The federal government obviously has come to the conclusion that a joint effort will not be sufficiently successful. Its attitude seems to be simply to leave the provinces alone to wrestle with the problem, and to pay the piper if they cannot succeed. Is that what the Government of Canada calls cooperative federalism? Of course, it is not cooperation of any kind.

I suggest that the government, having used the word "negotiations" in the Speech from the Throne, should now live up to the meaning of that word in its truest sense, drop its stubborn one-sided attitude, and keep the promise it made to induce the provinces to enter the programs in the first place.

Honourable senators, I wish to turn now to the subject of the Constitution, not to discuss the pros and cons of the present debate about patriation, but to relate it to the question of regional disparity.

A portion of the present formula proposed for consideration recognizes this question in the following words—and I use the word "recognizes" advisedly—in article 39 under the heading "Part V, Regional Disparities":

> Without altering the distribution of powers and without—

And note this.

> —compelling the Parliament of Canada or the Legislatures of the Provinces to exercise their legislative powers, the Parliament of Canada and the Legislatures of the Provinces, together with the Government of Canada and the Governments of the Provinces, are committed to:
>
> (a) the promotion of equality of opportunity and well-being for all individuals in Canada;
>
> (b) the assurance, as nearly as possible, that essential public services of reasonable quality are available to all individuals in Canada; and
>
> (c) the promotion of economic development to reduce disparities in the social and economic opportunities for all individuals in Canada wherever they may live.

It is with some satisfaction that I see in this recognition the result of the arguments put forward on behalf of the province of Nova Scotia at a time when I was privileged to take part in constitutional conferences. Indeed, it was as a result of the representations made by Nova Scotia that regional disparity became a subject for discussion on such occasions. If my recollection is correct, when Prime Minister Pearson was preparing for the conference of 1968 he wrote to each province suggesting an agenda for it, and inviting suggestions for further subjects for that agenda. Nova Scotia replied urging the inclusion of regional disparities as being appropriate for discussion as a constitutional matter. It was included on the agenda for that conference and, I believe, all later constitutional conferences.

It seems to me, however, that the provision I have just read is less specific in its terms, and less binding, than it should be. It is a recognition of the problem, which is helpful, of course, but it imposes no obligation to do very much about it. I think it could be included as an obligation, and I am sure appropriate words could be found to do so. While I recognize the rigidity which constitutional proposals tend to assume after they have been the subject even of tentative acceptance, there is still time to consider whether these words could be improved, and I urge such further consideration.

Also in relation to the Constitution, I wish to make a comment or two about the inclusion of equalization. Equalization payments have now for many years been an essential part of federal-provincial relations. They are an absolute necessity if all provinces are to be able to provide for Canadians living within their borders a standard of public services at least approaching the national average of services without imposing an undue burden of taxation.

Essential though these payments may be, they are not protected by any constitutional provisions. A portion of the formula I read a moment ago, under the heading of "Regional Disparities," seems to recognize that equalization payments are desirable. I am glad to see this but, with all respect, I submit that mere recognition is not enough.

Under such a formula, as is the case now, equalization can be changed, or abolished, by a simple majority of Parliament. It may be said that this would never happen, and I hope it

never will, but we have to recognize the stark fact that, except in matters protected by the Constitution, Parliament can do virtually anything it decides to do. It is not difficult to envisage a situation in which a substantial majority of Parliament might represent provinces who have no interest in equalization payments, or might even be interested only in reducing or abolishing them.

Other countries with a federal system have recognized the need for affording equalization payments the security of their constitutions. Australia and Germany are two. Is there any reason why Canada should not do so? I submit there is not. I believe those who are now concerned with our Constitution should give this the most careful consideration, and should work out and include an appropriate constitutional provision while we are about the business of patriation. As I have said, excellent models for such a provision already exist in other countries.

Senator Rowe: Would the honourable senator permit a question? I was listening to his speech with great interest, of course, because my own province is so much affected by the principles that Senator Smith is enunciating. The question I would like to ask is: Do the other constitutions the honourable senator speaks of have specific formulae in them which determine the amount or nature of equalization payments?

May I supplement that question in this way: Is it your idea, Senator Smith, that our Constitution should be amended to have a specific formula in it such as we find in the terms of union between Newfoundland and Canada, of 1949? There is a clause in those terms which determined at that time, and continues to determine, to some degree, the amount of special assistance given by Ottawa to Newfoundland. Is it your idea that there would be a specific formula such as that in the Constitution?

Senator Smith (Colchester): I am not sure that I go so far as to argue that there should be a specific formula. The argument I am putting forward is that there should be, in the Constitution, a provision which would oblige the federal government to make equalization payments, in order to keep public services which are rendered by the provinces which receive the equalization payment up to a standard approaching the national average—some such wording. It would not actually produce a formula for calculating the exact amount, but it would make it an obligation to provide sufficient equalization to meet such a standard of public services in the provinces.

● (1450)

Senator Rowe: It seems that you mean an extension to the arrangement for Newfoundland.

Senator Smith (Colchester): Yes, I think that would be a fair way of putting it.

Senator Croll: They could not afford it.

Senator Smith (Colchester): I am not saying it should be any more than it is now. All I am saying is that it should be in the Constitution in such a way that Parliament cannot unilaterally suddenly decide they are going to get out of it, just as is now the case, I fear, to some extent, with the hospital and medical insurance plans.

I have not overlooked the fact that the very able Leader of the Government in the Senate took part in this debate with his usual high standard of eloquence. I note, however, that he, too, did not bother much with the Speech from the Throne. That, I suppose, reflected his assessment of the value of its contents. As he began his speech he issued a plaintive call to forget the past. I don't blame him for that. If I belonged to the government for which he has to apologize, my most urgent daily prayer would be that a benign providence would cause the people of Canada to forget its incredible record of confrontation and convolution, of groping and blundering, of musings and wonderings, of confusion and contrariness.

Senator Perrault: Keep it non-political, now.

Senator Smith (Colchester): I am prepared to be as non-political as the Leader of the Government, but that would not strain my resources very much. He knows perfectly well that all governments must answer to the people for their record, and so must this one. How many times, in another capacity, did he point out to the electorate of his province what he considered to be the poor record of the government he then opposed? Even in the great Book of Books it is said, "By their works ye shall know them." And how many times has the present Prime Minister said, in effect, "The people will judge me on what I have done, and if they don't like it they can remove me." Incidentally, it seems likely they will accept his invitation as soon as they get the chance.

Let us hear no more, then, of this fear-induced, faltering cry beseeching us to overlook the bleak, unhappy record of a government whose failing sun is even now far down the westering slope of its unhappy life. The circumstances in which the rapidly diminishing sorrowing band of its supporters, and the circumstances in which they find themselves today, are well illustrated by the last verse of the old baseball classic, *Casey at the Bat*:

> Oh, somewhere in this favored land the sun is shining bright,
>
> The band is playing somewhere, and somewhere hearts are light;
>
> And somewhere men are laughing, and somewhere children shout,
>
> But there is no joy in Mudville: mighty Casey has struck out.

Hon. Eugene A. Forsey: Honourable senators, I cannot hope to compete in either eloquence or wit with the Honourable Senator Smith. I am moved, however, to say that I think we have had another proof of the extraordinary asset that has been brought to this chamber by the appointment of the Honourable Senator Smith.

Hon. Senators: Hear, hear.

Senator Forsey: I do not mean by this to endorse every sentence he uttered, but it is perfectly clear that we have now

amongst us a very distinguished acquisition to this chamber. It is becoming clearer every day that we have a very distinguished acquisition to this chamber, and that the official opposition, particularly, has had a very distinguished and powerful acquisition.

I turn from that to the customary congratulations to Madam Speaker, and to the mover and seconder of the Address. I unfortunately did not have the good fortune to hear their speeches. I was elsewhere on what I think may be legitimately described as public business. I was addressing the Canadian Clubs of Medicine Hat, Vancouver and Victoria on, of all subjects, the Quebec Bill 22. I trust that what I was doing was a public service. I dare say, however, that there might be differing opinions on that, possibly derogatory opinions directly contrary to each other.

I should like to say also how delighted I was to see our Governor General back in such excellent health, in spite of his slight difficulties in certain matters, and what a pleasure it was to think of this distinguished public servant being restored to the almost completely full use of his very great powers, which he has already exercised so splendidly for the benefit of the country.

Finally by way of congratulation—not finally in my speech—I should like to echo what others have said about the pleasure we all feel at Senator Inman's return. Not long ago somebody said to me about Senator Inman, "I suppose she practically never turns up, and I suppose when she is there she is really hardly up to her duties any more." I said, "You never made a bigger mistake. She is absolutely full of zip and life. At the moment she is unwell and has some difficulties, but we confidently look forward to her return, when she will take her usual active part in the work of the Senate, and I can assure you it is a very active part indeed. Her speeches are spritely and full of wit and good sense and eloquence. There is no gathering of the Parliamentary Associations at which she is not an ornament and a participant."

Hon. Senators: Hear, hear.

Senator Forsey: I should have liked to have a better prepared speech this afternoon, but I find that various tasks descend upon me, "Thick as autumnal leaves . . . in Vallombrosa." I do not quite know why it is, but so many people seem to think that, whatever is troubling them, I am the chap to kiss the place and make it well. An extraordinary number of people do seem to think so on an extraordinary variety of subjects. I am often asked to give opinions on matters of which I have no knowledge whatever. That is fairly easy, because I simply say that I have no knowledge. There are other subjects on which I have some slight knowledge, and on which I have to temporize a little, explain what little I know, how little it is. This takes a certain amount of time, and when you get the whole lot of them put together it keeps me busier than I should like to be.

There is a widespread opinion, I know, that all senators live a life of gilded ease; that they do not do any work; that they get enormously overpaid for doing nothing. I can only say that in my own case I think this opinion is somewhat exaggerated. I have never been busier in my life—and I have had a not inactive life—than I am now in the Senate. While not every bit of that business is concerned with Senate affairs, most of it is, and I am only thankful that providence has given me still the strength to support some part of the work I have to do.

However, the fact remains that I did not have time to prepare a very careful speech this afternoon. In the words of Mr. Stanley Baldwin, the former Prime Minister of the United Kingdom, on a celebrated occasion: I can, therefore, only speak to you plainly, honestly, simply and sincerely. He explained that he had had no time to prepare a speech, so he would have to resort to this extreme measure. I am in something of the same position.

I propose to devote a certain amount of time to certain matters in the Speech from the Throne which seem to me to call for some comment. On some of them there has already been an eloquent speech by some senator, and in some instances several speeches by several senators. I hope I shall not be repeating anything anyone else has said. If I do, it is possible that the repetition may not be altogether wasted because of the importance of the subjects concerned.

The first thing I want to draw attention to in the Speech from the Throne is the statement that the government sets a very high priority upon the achievement of formal constitutional independence. In a sense I suppose we all do. On the other hand, I want to say, with all the emphasis I can command, that it is possible, in my judgment, to pay too high a price for patriation of the Constitution. If a proposition comes to us in this chamber to patriate the Constitution with a clause providing that nothing shall happen, that not even a formula of amendment shall come into effect, without the unanimous consent of the provinces, I shall vote against it. I am not in favour of resurrecting on this continent in the twentieth century the medieval Polish Parliament, where any single member of that parliament could veto any proposal that was brought before it. I am not in favour of locking ourselves into a block of cement; I am not in favour of putting this country into a straitjacket, putting it into the position where a small province like my own native province of Newfoundland—and I pick that deliberately, so that nobody can accuse me of being prejudiced against a particular province—a small province like Newfoundland can say: "We don't care how much the rest of this country wants it; 99 per cent of the population outside this province may be in favour of it but you shall not have it, because we don't want it." I do not think that is a fair position to put this country in. I think we should be able to do better, and we must do better than to have some unanimous consent clause in the Constitution.

● (1500)

I hasten to add that I think it is absolutely inevitable and inescapable that in this country, constituted as it is, there must be a constitutional veto for the province of Quebec and if there

is to be a constitutional veto for the province of Quebec, I suppose there must be one for Ontario, too, although, frankly, I don't think that matters very much. But I find it difficult to accept the view expressed by some people that no province should have a veto. I think it is necessary because of the special situation of Quebec, the special circumstances of Quebec, that Quebec should have a veto.

One of my friends said to me: "Can you tell me any other federation in the world where a single unit of the federation has a veto?" I said: "No, I can't. There may be one; but I don't know of one. But I think you must remember that just as Quebec is not a province like the others, so Canada is not a federation like the others." I know of no federation, this side of the Iron Curtain at all events, which has a constituent unit in the special circumstances in which the province of Quebec finds itself. I think there is simply no getting away from the fact that the province of Quebec, if our French-Canadian fellow citizens are to feel secure in this country, must have a veto on constitutional change. This may turn out to be somewhat inconvenient for the rest of us, but I think it is the price we have to pay for keeping this country together and that is an object which is very dear to my heart, as I am sure it is to the hearts of all senators here and, indeed, to every member of this Parliament and to most Canadians, apart from certain people who have given up on Canada. That includes not only the Quebec separatists, but people who in my judgment, from recent experience of them, are much worse, some of the Western separatists. I encountered some of them in Alberta and they made my hair stand on end. They are, apparently, prepared to consign all the rest of us to the lowest depths of the infernal regions as long as they get what suits them themselves. They would throw Quebec overboard and I said, "Well, what would you do with the Atlantic provinces after you have divided the country into a sort of east and west Pakistan?" They replied cheerfully, "That's their problem." I said, "Well, if you come from the Atlantic provinces, as I do, you are not satisfied with that kind of answer. It is the problem of a great many people besides those of the Atlantic provinces."

But I think that, given the declining birth rate and the very low birth rate in Quebec; given the fact that most of the immigrants who have been coming to Quebec, or at least a very large proportion of them, have chosen to turn toward the English-speaking minority rather than the French-speaking majority; given the fact that if Bill 22 survives in its present form most immigrants henceforth, except French-speaking ones, will probably give Quebec the go-by and go elsewhere in this country; considering that the proportion of French Canadians to the total population of Canada has in the last census, for the first time since Confederation, shown a serious drop, I think the people of Quebec are justified in feeling that they must have a guarantee against the possibility of being swamped at some future date, when they are an even smaller proportion of the total population of Canada, swamped by what may then be the overwhelming English-speaking majority in the country as a whole. I can say that, with a good conscience, because I am, as I am afraid I have stated with wearisome iteration in this chamber and elsewhere, of almost purely English origin, 200 years back, to be sure, but purely English, very little even Scots and Irish. So that when I say that I think Quebec has to have a constitutional veto I am saying it not as one whose own particular interests or whose own particular origin or mother tongue move him in that way, but as one who is convinced that it is necessary for the good of the whole country and essential to the continued existence of the country.

I freely admit that I may be mistaken on this; I don't want to sound dogmatic, I am simply stating my conviction on the subject and I should require a very strong argument indeed to convince me that I was mistaken. I am afraid that if we get a proposition before us for patriation of the Constitution that contains a unanimous consent clause the achieving of—what is it?—"formal constitutional independence" may be a Dead Sea fruit. I am not prepared to give up the substance for the shadow. We can now get amendments to our Constitution, conceivably, without the consent of all provinces. It is not very likely, but there is no legal impediment now. True, since 1930 every amendment which has directly affected the interests of the provinces has secured the unanimous consent, either of all the provinces concerned or all the provinces put together, all the provinces that there are. But this does not establish an absolutely iron-clad legal rule. If you put it into a formal text of constitutional law, then you are locked in beyond escape. It will be impossible, even if only one small province stands out, to get any amendment whatsoever. It is unlikely now, perhaps, with our present practice of the last half century, that we could get amendment without the unanimous consent of the provinces, but it is not impossible and I prefer the possible, even if it is very improbable, to the impossible.

So much for that, bar one postscript: Last session I made an attempt to initiate a debate, a calm, a dispassionate, a non-partisan debate on this subject. I had every hope that particularly the lawyers in the house would take part in it. And my speech sank like a stone into a barrel of tar. Absolutely nothing happened; not so much as a squeak from a single senator on this subject, and I do not think it was entirely for lack of time. I hope that before this session is out, even if we do not get an actual proposal for patriation before us, there may be some serious discussion of this in this chamber. We are not very likely to get it in the other chamber, because of the pressure of time upon them, and there is a frivolousness, a levity in the way certain people approach this thing, arising, I think, out of a failure to understand the enormously important part that the Constitution plays, a frivolousness and levity which frightens me.

I got a letter the other day from a member of the other place, who said, "Let's get it home and work out the details afterwards." But the details, as he calls them, may be of vast importance and if you bring it home with a unanimous consent of the provinces clause in it, then you can talk from now until the heavens fall, talk until Judgment Day, and you won't get any solution to the problem of the "details." You can't just

throw it aside in this way. Other people have said, "Oh, a wonderful unifying cry, like the flag; get everybody enthused about the independence of the country and all our troubles will disappear." Well, this is a very poor comparison; you can change a flag very easily by comparison with the way you can change a constitution which has a unanimous consent clause written into it. The effect of a flag upon the daily life of people is relatively small, whereas the effect of being unable to pass a desired constitutional amendment, desired by the great mass of the country, can be quite devastating upon people's pockets and upon their daily lives. Twenty-five years from now we might want to change completely the jurisdiction over social security. This would make a tremendous difference, and it would be a desperate situation if you had nearly everybody in the country intent upon this and one small province able to prevent it, able to prevent other people from the rest of the country from getting what they wanted. So I very much hope that we may get some considered discussion of this in this session. If it is any inducement to other honourable senators to undertake such a discussion, I shall gladly give an assurance that I shall not take any part in it whatsoever. I have said my say already last session and I don't think there is any point in repeating it. But there are people in this house who are qualified to make very important and valuable contributions to such a discussion and they haven't yet seen fit to make them. I hope they will come forward and speak their piece.

● (1510)

There are a number of other things on which I should like to comment. I am going to pick out only a certain few of them. I know there is a proposal that there will be:

> —a further effort to reduce the size of government as well as expand the range of opportunities for private enterprise, all federal programs will be reviewed to identify those government activities which could be transferred to the private sector without reducing the quality of service to the public.

Well, that is well enough in its way, but I hope there will be a certain amount of caution exercised there. I hope we shall not find that government activities which are bringing in a profit, for example, will be turned over to private enterprise, while certain government activities which are necessary, but which do not bring in a profit, will be left to be supported by the taxpayers.

This worship of private enterprise, this idea that everything should be handed over to private enterprise except what is inescapably the province of government, leaves me a trifle cold. I think we want to be careful that we don't hand over to private enterprise anything that pays, and leave the taxpayers with all the dead ducks, or dying ducks.

Many of the things in the Speech from the Throne can be, I think, summed up with the comment "the proof of the pudding will be in the eating."

A great number of them, honourable senators, are admirable sentiments, but until we see the legislation we shall not know in fact how admirable the proposals will really be, and it is necessary, I think, therefore, to utter a caveat at this point and say, "Well, that sounds very nice, but it doesn't necessarily follow that when the legislation comes before the Senate I for one shall approve everything that's in it."

I noticed a discussion of the improvement of labour-management relations. I hope there that the government will proceed with caution, not without enterprise, not without innovation, not without a willingness to try something new, but being very careful indeed not to stir up unnecessary opposition by ill-considered statements or ill-considered proposals.

This is a subject on which, I think, consultation with the people concerned, both employers and employees, and their organizations, is an absolutely essential condition. You don't wish to plunk down before people something that will appear to them as a fait accompli, on which they are asked to act as "yesmen" or nodders.

I am a little disquieted by the statement that the solution to the problem of collective bargaining:

> —is not to be found in excessive restriction of collective bargaining rights.

Well, a good deal depends on what you mean by "excessive." I think that those of us who have a trade union background, in either house, will want to look rather carefully at any proposals for restricting collective bargaining, to make sure that they are not, in our judgment, as well as that of management, excessive.

> Measures will be proposed—

Says the Speech.

> —to improve the collective bargaining system in the public service, to reduce the adversarial nature of the process and to ensure an equitable relationship between compensation levels in the public and private sectors.

Well, that is very admirable. I can't help hoping that some of the measures will take some of the powers in this matter away from the Treasury Board, which appears to be obsessed with its legal rights.

I said something about this at some length in the last session, about the incredible behaviour of the Treasury Board in negotiations with the Economists', Sociologists' and Statisticians' Association of the Public Service. Since then we have had another manifestation of the same kind of obtuseness, to use a mild term, in a most extraordinary context. If there is one union in the public service which should be treated with the greatest care, it is the Union of Postal Workers. I don't hold any brief for that union. I think it has made a great many mistakes. I think its leaders have been guilty of extremely foolish statements from time to time, provocative statements. But that is the more reason not to give these people anything to hang their hats on.

What does the Treasury Board do? The government has signed an agreement with this union that certain matters connected with technological change will go to adjudication committees whose verdict will be final and binding; and while these matters are actually before the committees, the Treasury

Board announces, again in a cavalier fashion, "Well, we are not necessarily going to be bound by the decision."

I think they have probably got good legal ground for saying this. They can do what they like about these matters. But, good heavens, there are a thousand things I have a legal right to do but which it would be extremely foolish for me to do and which would land me in all kinds of trouble which no sensible person would want to get into.

If you make a bargain, even if you undertake to do something which restricts your legal rights, then it seems to me that you have to live up to it, and the more so if you are the government, the more so if you are, by breaking the agreement, casting doubt upon the faith of the Crown.

To give these people in the Postal Workers' Union this kind of thing to hang their hats on, this handle, this legitimate grievance, when you already have enough difficulty with them, seems to me an act of madness. I understand the Treasury Board has now more or less backed down on this thing. But the damage is done when you do this sort of silly, imbecile thing. You set up a climate of resentment which envenoms future negotiations.

As the Treasury Board doesn't seem to be able to get this kind of common sense, plain ordinary horse sense, into its head, I can't help thinking that one measure which could make things very much better in the staff-management relations in the public service would be to have the powers now vested in the Treasury Board in this regard vested in somebody else, preferably somebody who has some knowledge of industrial relations and will not stir up a hornets' nest with a short stick on every conceivable occasion.

Then I come to the matter of transportation. To add anything to what Senator Smith (Colchester) said a few moments ago on transportation would be painting the lily, gilding refined gold. I entirely support everything, I think, that he said. I say "I think everything" because I was slightly interrupted by a conversation part way through and I may have missed something which I should not be prepared to support. But the general tenor of what he said, I think, is incontestably true.

I am sorry that prorogation killed the motion which I made, arising out of Senator Bonnell's inquiry, for consideration by a Senate committee of the question of transportation in relation to the British North America Act, a matter which, of course, affects particularly the Atlantic provinces, but which has some bearing also on the rest of the country, although not a great deal.

I should like to see that inquiry pursued. I should like to see the motion revived; and I would go beyond that. I think we need a thorough investigation by a committee of this house of the whole question of transportation policy.

Several sessions ago Senator Cameron brought forward a proposal of this sort, and it ceased upon the midnight without a sound, partly, I think, because of what I regarded as the excessive nervousness of the then Leader of the Government because there was a minority government situation in the other place and he appeared to think that this would upset the government's apple cart. I don't think it would have. But, in any case, I think there ought to be a thorough discussion of this whole problem in some depth, a thorough investigation of it. I don't feel at all satisfied with what I know of the government's general policy on this. I am very much afraid that in the Department of Transport there is a certain bias among the officials toward air transport and a certain obliviousness of the longer term aspects of this whole problem.

I don't profess to have the knowledge of it which Senator Cameron has. I very much hope that he will introduce the subject again. But somebody ought to introduce it, and there ought to be a thorough investigation of it.

This is one of the cases where governments and the elected people can't look really very far ahead. We in this chamber are in a position to look farther ahead and to look deeper. We don't have to worry about what people will think at the next by-election or the next general election. We can look at the problem and its long-term ramifications, and I think this is one case where we ought to do it.

The same thing applies to the question of energy. I think there are very strong reasons for being worried about the inadequacy of the government's energy policy. I dare say they have done the best they can, but I think it's possible to suggest improvements. It would be a strange policy indeed for any government where it would not be possible to suggest improvements, and I should like, here again, to see a careful consideration of this subject by a Senate committee.

I noticed the other day that one of the government supporters in the other place said that the Americans were spending 100 times as much as we were proposing to spend on the investigation of renewable sources of energy. That seems to me to point to a certain gap, a certain weakness, a certain omission in the government's energy policy, and I think there are others which deserve to be very carefully considered. I do not think we can simply play the part of "yesmen" in this matter; I think we should, as a Senate, look carefully at the whole subject, and perhaps especially at the subject of nuclear energy.

• (1520)

I am worried not only about the proliferation or the possible proliferation of nuclear weapons, I am worried about the whole business of nuclear energy, the disposal of nuclear waste, the possibility of terrorists getting hold of the material for nuclear bombs, pocket size, as it were, which could do enormous damage and which could wreck the whole country, in fact. I am disturbed about the financial side of this. I think we have been making available CANDU reactors, notably, for example, to Argentina, at a considerable loss or probable loss to the taxpayers of this country and I think this ought to be investigated. Here again is something where the Senate, which is relatively non-partisan, and which has a great reservoir of experience and knowledge, can perform, it seems to me, an immense public service by investigating this subject in depth.

I am delighted to see that the government is proposing to do something about day care services; and I am delighted to see that it proposes to do something about the Canada Pension Plan, to recognize the value of the contribution made to the family and to society by both marriage partners. But once again, of course, the proof of the pudding will be in the eating.

I am particularly pleased to see that family allowance payments are once again to be indexed to the consumer price index. I was strongly against the cessation of that and the rather high-handed manner in which it was done—without actually getting direct authority from Parliament. So I am delighted to see that the government has had second thoughts and is about to restore the former principle of indexation.

I share Senator Smith's views about the proposals that are foreshadowed here on medical insurance and hospital insurance. We had an eloquent speech or two on that in the last session which left me very gravely disturbed indeed, and I hope we shall have a reasonable and sensible proposal from the government and one that will not give rise to the same kind of disquiet which the earlier proposals which appeared before the public aroused in certain members of this chamber and well beyond it.

I need hardly say that I am delighted to see that the government attaches continuing importance to meeting the aspirations of Canada's native peoples, and particularly the just settlement of their land claims. When the negotiated settlement of claims in the James Bay region comes before us, I hope we shall examine it with the greatest care to see that it really carries out what I am sure are the laudable intentions of the government, and that the native peoples of that area are treated with the justice which they deserve. This, of course, will only be the beginning of a much larger consideration of native land claims, and claims for self-government for the native peoples, which may be coming before us before too long.

I think I have nearly come to the end of the particular things I wanted to comment on in the Speech from the Throne. I want to make one other comment, however, on a very important feature of the Speech from the Throne which comes well on towards the end—the development of new consultative machinery, that is machinery for consultation by the government with the various economic interests of this country such as business, labour, farmers and so on. We have not had any adequate machinery for this in the past. I think it is now widely recognized that some adequate machinery is required; I think it is now widely recognized that in a number of European countries they have gone a long distance in this matter and with, on the whole, rather useful effects.

I am not for a moment suggesting that we can simply take over holus-bolus from any European country the system which they have there. Our situation is very different in a variety of ways, not least that we have in this country no body which can claim to be what in French I think is called "un interlocuteur valable" for either business or labour. We have bodies, some bodies which can speak for segments, at least, of business and for large segments of labour, but they cannot act, really. They have no power; having signed, perhaps, an agreement with the government, they have really no power to carry it out. Neither the Canadian Labour Congress nor the Canadian Chamber of Commerce nor the Canadian Manufacturers' Association nor the Canadian Construction Association can say to the government, "This we shall do. All the unions, all the firms belonging to our federation will carry out these undertakings." So this marks us off very decidedly from many of the European countries where a single body representing each of the different interests is available. Nevertheless, I am not sure that we cannot work out something here in the way of consultative machinery which will considerably reduce the area of industrial disputes and considerably reduce the area of difference of opinion about long-term goals of our society. I do not want to be too optimistic; I do not want to say that this is a magic formula which will settle everything, but I think it is one that deserves consideration. And here again I think that a Senate committee investigating this subject could be of extraordinary value.

I am afraid I am suggesting so many investigations by Senate committees that the Senate will groan at the thought of all this. However, perhaps I may attain a batting average of about one in six, let us say. I am sure the opposition will groan particularly at the thought of any more investigations because of its small available resources of I do not like to say "bodies", but that is what I mean because it is a fact that numerically there are so few. I am not speaking of the quality of the opposition, which is very high.

Senator Deschatelets: Senator Forsey, you might suggest that we reduce the membership of the special committees.

Senator Forsey: Perhaps so, yes. I think this emphasizes again, however, the desirability of the government's taking a very hard look at the necessity of increasing the number of opposition senators in this house. I have said that over and over again. I suppose people will say, "Well, there you are, he was brought up a Tory, what do you expect from him? This is just—not a déformation professionnelle, not a professional deformation, but some hereditary inclination." But I think it is an important point, whatever one's political opinions may be, that we should have in this house an opposition of a size sufficient to perform its inescapable and very important duties without undue strain upon the members. And I am sure now that a great many members of the opposition are put to extraordinary strain, not to mention very considerable inconvenience, by the workload imposed upon them.

I want to conclude in what is, perhaps, a rather odd way. Senator Laird the other night issued some warnings about bureaucracy. Senator Buckwold and Senator Everett spoke eloquently on the achievements of their respective committees, and great achievements they undoubtedly are. We hope that the achievements of Senator Buckwold's committee will be translated into law, with whatever amendments may appear to be necessary, in short order. Now I happen to be—or I was in the last session and I may perhaps be again, but that lies not in the lap of the gods but in the lap of the other members of the committee—Senate chairman of the Joint Committee on Regulations and other Statutory Instruments; and from my

experience on that committee from its inception I can assure honourable senators that what Senator Laird said about bureaucracy is amply justified. It is necessary for all of us to be on the watch against the encroachments of the bureaucracy, against its tendency on occasion to act as if James II had never lost his throne but had left his powers to the officials in the various departments, including the power to dispense with the provisions of the law, which is actually being claimed, as will be apparent to anybody who reads our proceedings, by certain officials now.

● (1530)

I think it is necessary for us to be on the watch against the encroachments of the bureaucracy. I do not mean by this that the officials have any malevolent intent, but in some cases, even when they are lawyers, their name seems to be "Necessity." You will remember that somebody once remarked of an incompetent judge, "His name is necessity. He knows no law." Well, there are officials, even occasionally lawyers, in the government service who appear to be singularly ignorant of some of the basic principles of constitutional law.

I shall not say more at the moment about anything that came before our committee because that would be to anticipate and possibly to be out of order. I merely say that you will probably be having shortly, honourable senators, a voluminous and detailed report from the Committee on Regulations and other Statutory Instruments, and that I think it will probably be well worth your serious consideration, especially if you take seriously, as I do, the function of this chamber as a defender of the ordinary citizen, the little man, who, without the defence which we should be able to give him, to some degree at least, is obliged to fall back upon the long, expensive and sometimes very uncertain remedy of recourse to the courts. That, of course, is an indispensable recourse, but in many instances it ought not to be necessary.

I could cite cases there, but again I shall refrain. They will come up more appropriately, presumably, when our report appears before the Senate.

I want to suggest, however, that you sometimes get the most extraordinary productions, pronunciamentos, manifestos, *ex cathedra* pronouncements from officials, and I will give you one illustration. When the late Lord Thomson of Fleet died and his son succeeded, somebody in the Prime Minister's office issued an announcement that the new Lord Thomson had lost his Canadian citizenship. I was somewhat taken aback by that. I wrote a letter to the *Globe and Mail* asking for chapter and verse to prove this, and in due course what appeared but a statement from the Registrar of Citizenship in the Department of State, who presumably knows what he is talking about, intimating that I was entirely correct in my belief that Lord Thomson had not lost his citizenship and that the statement emanating from the Prime Minister's office was completely without foundation. He did not use that language, but he did say perfectly plainly that Lord Thomson had not lost his citizenship under the Citizenship Act. I took care to see that the Prime Minister's secretary received a copy of my letter to the *Globe and Mail* together with the reply by the Registrar of Citizenship.

I think it is rather shocking that an official in any part of the government should issue statements like this without knowing what he is talking about. In this particular case the gentleman or lady—I don't know who it was—evidently did so, and gave, entirely off the cuff, a pronouncement on law on which he or she was completely wrong and by admission of the official most directly concerned and with the widest and deepest knowledge of this subject.

And that is only part of it. About the same time I received a letter from a gentleman in Moncton, New Brunswick, who represents an organization of which I know virtually nothing but which interests itself in these matters, enclosing two letters which members of his organization had sent to the Department of State on this subject of citizenship and the question of whether a Canadian citizen was a British subject under the present act, the one which will not go out of effect until the new one is proclaimed, which will probably be, so far as I can gather, some time in February, and the position of a Canadian citizen under the new act—whether he or she would still be a British subject. One letter from one official in the department contained a series of statements, every one of which was factually wrong: the dates were wrong, the statements of law were wrong, the whole thing was wrong with a capital W from start to finish. And that was not a matter of opinion at all; it was a matter of the sheer facts of the law as attested by the Registrar of Citizenship in his letter to the *Globe and Mail.* The other letter was from the minister's executive assistant. It was right from start to finish. Every statement in it was correct. But here you have emanating, from the same department, to two different correspondents, two different statements which were diametrically opposite, one of which was wholly and completely and totally wrong.

I sent a copy of the whole correspondence, I may add, to the official who had written the wrong letter, the erroneous letter, and I received an acknowledgement from him in which he made no attempt to justify what he had said. It was just a polite acknowledgement. I sent copies also to the new Secretary of State and I hope that they will be "read, marked, learned and inwardly digested". This kind of thing illustrates the kind of casual, off-hand, irresponsible attitude which you can get in some officials, and it is only a minor illustration of the kind of thing we have come across in our Committee on Regulations and other Statutory Instruments over and over again.

I might add that, if anybody thinks I am embroidering, embellishing or exaggerating, what I have said about the proceedings before the committee can all be verified by anybody who cares to read the proceedings, and what I have just said about the two voices speaking from the Citizenship Department—"one is of the deep; And one is of an old, half-witted sheep Which bleats articulate monotony," as J. K. Stephen said of Wordsworth—anybody who doubts that can come and see the correspondence in my office. I would be

delighted to show it. He or she will see that I was not exaggerating by one jot or one tittle.

So I end simply with that, that one of our duties in this house, to my mind, is to protect the citizen against the encroachments of the bureaucracy, which is often not as learned in the law as it should be and which is apt to take unto itself powers which Parliament never conferred upon it or to use powers in a way Parliament never contemplated. So I very much hope that when the details of this kind of thing come before the Senate in the shape of a report from the Committee on Regulations and other Statutory Instruments they will get very careful consideration from all members of this house, more particularly from members learned in the law, who will be in the best position to estimate the true importance and the enormity of some of the things that we have uncovered.

On motion of Senator Petten, for Senator Graham, debate adjourned.

BANKING LEGISLATION

MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO MAKE STUDY STANDS

On the Motion by Senator Hayden:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the document entitled: "White Paper on the Revision of Canadian Banking Legislation, August, 1976", tabled in the Senate on Thursday, 21st October, 1976, and the subject-matter of any bill arising therefrom, in advance of such bill coming before the Senate, or any other matter relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

Senator Petten: Stand until next Tuesday.

Senator Croll: Before the matter is stood, honourable senators, you will recall—and this can seen in the record—that yesterday I asked that this motion stand until Tuesday next, and was informed that that could not be done. Immediately I rose to speak everyone knew what I was about to say, although I had not discussed the matter with anyone. The house became terribly nervous about what was likely to be said as a result of a great number of meetings. It was decided, therefore, that the matter be put off until Tuesday. Well, there is nothing much wrong with that, I suppose.

The committee's chairman, Senator Hayden, is not here. He was informed that this motion would stand until Tuesday, and he left early. I usually like to go home in the early afternoon on Thursdays. I am here early every morning—very early—which makes for a long day, and I like to get home. Nevertheless, no one took the trouble to tell me about this, and I consider it a discourtesy which is unacceptable. I do not like it in the least. I was entitled to be informed that the matter would not come up today, but would be put over until Tuesday. Thinking the matter would come up today, I cancelled my reservation, and now I will have to catch whatever flight I can to get home. It is tiring enough to spend three days here without having to suffer as a result of that sort of discourtesy, and I protest it.

Senator Choquette: Hear, hear.

Motion stands.

The Senate adjourned until Tuesday, November 2, at 8 p.m.

THE SENATE

Tuesday, November 2, 1976

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Goodale had been substituted for that of Mr. Blais on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Prud'homme had been substituted for that of Mr. Roberts on the list of members appointed to serve on the Standing Joint Committee on the Restaurant of Parliament.

DOCUMENTS TABLED

Senator Perrault tabled:

Notice of Ways and Means Motion to amend the Excise Tax Act, dated October 28, 1976, issued by the Department of Finance.

Copies of revised Statement on 1976-77 Influenza Vaccination Program by the National Advisory Committee on Immunizing Agents, dated October 26, 1976, issued by the Minister of National Health and Welfare.

Report of the Company of Young Canadians, for the fiscal years 1974-75 and 1975-76, together with the Auditor General's Report on the Accounts and Financial Statements, for the fiscal year ended March 31, 1976, pursuant to section 25 of the Company of Young Canadians Act, Chapter C-26, R.S.C., 1970.

Report on Proceedings under the Canada Labour Code Part V (Industrial Relations) for the fiscal year ended March 31, 1976, pursuant to section 170 of the said Code, Chapter L-1, R.S.C., 1970.

Report of operations under the Foreign Investment Review Act for the fiscal year ended March 31, 1976, pursuant to section 30 of the said Act, Chapter 46, Statutes of Canada, 1973-74.

Copies of a Statement of the effect of placing coffee on the import control list, issued by the Department of Industry, Trade and Commerce pursuant to section 5 of the Export and Import Permits Act, Chapter E-17, as amended by section 3 of Chapter 29 (2nd Supplement), R.S.C., 1970.

Report of the Department of the Secretary of State of Canada for the fiscal year ended March 31, 1976, pursuant to section 6 of the Department of State Act, Chapter S-15, R.S.C., 1970.

TRANSPORTATION

PACIFIC COAST SUBSIDIZED TRANSPORTATION SERVICES—QUESTION

Senator Austin: Honourable senators, I have a question for the Leader of the Government, of which notice was given to him only a few moments ago. It relates to the situation on the British Columbia coast and service to dependent communities for both passengers and freight. I wonder whether the leader is aware of the alarm caused in Pacific coastal communities by the abrupt withdrawal by the Department of Transport of long-relied-on subsidies paid to Northland Navigation Company for passenger and freight service?

I would also ask the leader whether a study was carried out by the government on cost efficencies of intermodal transport forms to British Columbia coastal communities north of Vancouver served by Northland and by Coastal Shipping? Were alternatives to Northland and Coastal services developed and discussed with those communities before the August announcement of the Department of Transport that the subsidies were being withdrawn? If any studies were carried out, will the government leader make them available to this chamber?

Finally, I would ask the leader whether there is anything remotely like a national shipping support policy being pursued by the federal government in respect of either intraprovincial or interprovincial services, and, if there is, will the leader inform this chamber what that policy is?

Senator Perrault: Honourable Senators, because of the detailed nature of that inquiry, it is impossible for me to provide a comprehensive answer at this time. I understand the gravity of the problem outlined by the Honourable Senator Austin and I shall endeavour to make a statement of behalf of the government later this week.

Senator Flynn: May I just point out that the Leader of the Government mentioned that it was an inquiry rather than a question.

Senator Grosart: It was not an oral question.

DEPARTMENT OF JUSTICE

SUPERVISOR OF ENQUIRIES CENTRE—QUESTION

Senator Forsey: Honourable senators, I have a question for the Leader of the Government or, rather, a series once again of six questions:

1. Who is the supervisor of the enquiries centre in the Department of Justice?

2. When was he or she appointed?

3. Is he or she a lawyer?

4. What was his or her previous position, if any, in the public service?

5. If he or she came from outside the public service, from what position in the private sector?

6. What is his or her salary?

Senator Perrault: I must take the question as notice, honourable senators, in order to make the appropriate inquiries.

Senator Flynn: Honourable senators, on a point of order, in my opinion we should ask the chairman of the Rules Committee to look into the form of that type of question. I do not think that this should be an oral question. Our rules are not sufficiently clear on that point. This type of question should not be put as an oral question.

● (2010)

Senator Molson: The Rules Committee is in the hands of the Senate. If it is the desire of the Senate that some changes be made, the Rules Committee would always willingly receive those suggestions.

Senator Flynn: Indeed; but as every problem is automatically referred to the committee—

Senator Côté: Order.

Senator Flynn: Who is saying order?

Senator Côté: I am.

Senator Flynn: You don't know anything about the rules.

Senator Perrault: Honourable senators, I do not reject the observation made by the Leader of the Opposition. There is, of course, generally a greater flexibility in the rules of this chamber than there is in the other place, where questions of a long and intricate nature usually are submitted in written form. Perhaps this matter of the form of questions could be placed before the Rules Committee for their consideration and recommendations.

Senator Argue: Senator Forsey should ask more questions.

Senator Flynn: I have no objection. That is not what I am suggesting.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

The Senate resumed from Thursday, October 28, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Senator Lucier, seconded by Senator Barrow, for an Address in reply thereto.

[*Translation*]

Hon. Bernard Alasdair Graham: Honourable senators, like those of you who have spoken before me, at the outset I want to say again to His Excellency the Governor General just how happy we are to see him so far along to recovery and, with respect, express to Madam Léger our admiration for the impeccable way she carried out her duties upon the opening of this session.

We are also more than satisfied to see that Madam Speaker will continue to preside over our affairs in this chamber. As Speaker of this house, she performs her duties with competence and charm—

Senator Flynn: Fine.

Senator Graham: —thereby deserving the admiration and respect of all honourable senators.

[*English*]

I am sure that we are all delighted to see the Leader of the Government in the Senate occupying that very important office. The determination and, indeed, the dedication with which he carries out his responsibilities is an excellent example for all of us.

I would be very negligent if I did not acknowledge also the forceful presence of the Leader of the Opposition, whose eloquence and charm have already been evident since our return to Parliament.

Just recently one of our colleagues from Nova Scotia retired from this chamber. The Honourable Senator Fred Blois was indeed one of nature's gentlemen. Sensitive to the needs of all people, he served the Senate, the business and public community of his native province with unusual devotion and distinction, and I join with other senators in wishing Senator Blois an enjoyable and healthy retirement.

The outstanding contribution made to this debate by all senators who participated is certainly worthy of mention. In particular it would be appropriate to acknowledge the excellent speeches by the mover, Senator Lucier, and the seconder, my colleague from Nova Scotia, Senator Barrow. It is in that spirit that I should like to discuss not only the Throne Speech itself, but also some of the problems that we have in Atlantic Canada.

One of the greatest problems facing the people of Nova Scotia, as well as the people of Prince Edward Island, is the continuing escalation of electric power rates. As the domestic price of oil, even under equalization, approaches the world price of oil, tremendous hardship faces those people who have become more and more dependent on electric power. This hardship is the more pronounced when one considers that the incomes of the people of the provinces mentioned are consider-

ably lower than the Canadian average, and significantly below the average of the richer provinces.

It is most essential that temporary financial assistance be provided to enable those provinces to have sufficient time to harness alternative sources of energy that will bring some long-term stability to this most pressing problem. It would not be an exaggeration to say that the projected increases in energy costs would spell almost certain economic disaster for the provinces concerned, unless there was some interim relief.

In the medium term, part of this relief must almost necessarily come from the reserves of coal. Honourable senators are well aware that eight years ago the federal government undertook control of the coal resources of Cape Breton Island through the establishment of the Cape Breton Development Corporation. At that time it was their intention to phase out coal, as it had become uneconomic to continue mining. But after a period of time, with excellent cooperation of management and the workers, plus a break in the marketplace, it became evident that there was an economic viability to the coal industry. But it demanded, on the part of the people of Canada, a significant capital investment to exploit the coal resources. The last report of Devco, which was presented to Parliament recently, indicates that the corporation will be able to turn the corner, and we can now look forward to a viable coal industry on Cape Breton Island. I hasten to add that the industry is not only showing improvement in productivity, but as well there are and will continue to be improvements in the wages and working conditions of the miners. In my judgment this has been a very worthwhile investment by the taxpayers of our country.

It is very important to ensure that the full economic import of this valuable resource is realized to the advantage of the people of Cape Breton and the Atlantic provinces and, indeed, to the advantage of the country as a whole. It would seem that at least in the medium term the coal deposits represent an acceptable alternative to the ever-increasing price of fossil fuels. However, these benefits cannot be expected overnight, and in the meantime there is need for special consideration on the part of the Government of Canada with respect to the crisis now being faced because of much higher electrical costs.

There is much concern, too, in the Cape Breton region about the other twin of its cornerstone industries, steel. At the present time the Province of Nova Scotia is seeking a long-term solution to the problems of this particular industry. In essence, efforts are being made to put together a consortium of steel companies to build a new world-scale steel industry and at the same time to provide a market for their own product. There is no doubt that if Canstel, the name given to this consortium, is realized, it will mean long-term stability for the steel industry. Unfortunately, however, the need is greatest during a period when the steel industry itself is having great difficulty making an economic recovery from the recession of the past few years. At the same time the cost of money is prohibitively expensive, and these factors prejudice an immediate start to this complex. In any event, if Canstel is to be realized, it will require a considerable investment on the part of the federal government to provide the necessary infrastructure. I am confident that the people of Canada, knowing full well that the health of the country is dependent upon the health of all its parts, will be prepared to support this major development which is of national importance.

But let me emphasize and underline the magnitude of our most immediate problem. The people of the region are living in uncertainty because of the needs of the existing steel industry in Sydney. The present operation is such that its very existence is being compromised by a lack of markets and by a lack of capital. Its survival may very well depend upon the Government of Canada developing an export policy that will enable Sysco to compete favourably on the international market.

The Speech from the Throne makes reference to this possibility where it states:

> To support private industry in meeting greater international competition, the government will modify substantially its industrial assistance programs.

I urge the government to move with all haste in this direction because I am aware of individual cases where Sydney Steel's competitive position is threatened on the international market by foreign companies which are receiving special support directly or indirectly from their own governments. I am thinking in particular of such programs as the DISC program in the United States.

• (2020)

I am also acutely aware of the problems faced by the Hawker-Siddeley Steel Works in Trenton, Nova Scotia. Reports indicate that severe cutbacks in orders for rail cars from Canadian National and Canadian Pacific will force this Pictou County plant to lay off upwards of 1,000 workers. Here, also, survival may well lie in foreign markets, and every effort must be made by the appropriate federal officials to assist in whatever manner possible to ensure not only that we identify potential markets but that we are also in a competitive position.

In the meantime, Canadian railways must be pressed again to examine their needs and their priorities in order to determine if it is, indeed, feasible to place new orders, without which the communities involved will be forced to endure severe economic difficulties.

I have already made direct representations on this subject to the Minister of Transport, who is also responsible for the Wheat Board. He has given me every assurance that the matter will be given urgent consideration.

Crucial to the economic prospects of not only steel and coal in Nova Scotia but of industry generally across Atlantic Canada is the transportation policy that is designed to promote development. There has been developing within Canada in recent times a "user-pay" concept. One has to be sufficiently realistic to understand that we cannot live in a country as big and as wide and as far-reaching as Canada with zero transportation rates. However, Canada, as honourable senators well know, was developed as a country, not because it was a natural economic market but rather because the Fathers of Confedera-

tion saw a political potential that could be realized. But if this reality is to be maintained and improved upon, it will demand a transportation policy which will unite rather than disrupt the political fabric of our country. Such a policy must outline not only the degree of assistance which is possible but the degree which is necessary for regional growth.

There are those who say that past attempts have failed and that the "user-pay" concept is the only alternative. But all honourable senators are also aware of other economic policies which were put together to assist the development of other regions, whether we are talking, for example, about the tariff policies that promoted the growth of secondary manufacturing in central Canada or the Ottawa Valley oil policy that assisted the development of the Alberta oil industry.

Under present conditions it becomes all the more necessary for the Government of Canada to develop transportation policies that will assist the growth of regions and enable all Canadians to share in the abundance of this nation.

I was pleased to note in the Throne Speech that, in concert with other levels of government and the private sector, the federal government will work to increase the efficiency and the impact of Canada's total housing effort. In this regard I have some suggestions to offer. Over the past year there has been much debate about the housing policies formulated by Central Mortgage and Housing Corporation, which have proven to be very successful in the larger metropolitan areas of the country. At the same time, these policies have not realized their potential and in some cases may have worked to the disadvantage of people in the more remote areas and for those on lower incomes. The great fear held by some Canadians today is that these centrally developed policies are imposed on regions, and, while these policies have great validity in metropolitan areas, they do not necessarily relate to the world of reality out in Canada's hinterlands.

Here is an example of the bigness of bureaucracy that may frustrate the modest expectations of people in areas remote from the central core of Canada's development. A minimum requirement is that the planning function be assumed to a much larger degree at regional and even at sub-regional levels in order to ensure that government investment in housing will be harmonious with the legitimate aspirations of the local populace.

It is very important to point out that it is not something which would require legislation, but rather a strong commitment on the part of the government to further decentralize the decision-making process. There is solid evidence over the past year that indicates the desire on the part of the government to in fact decentralize many of its operations. In the housing field, such decentralization would certainly bring the policy-makers and the decision-makers closer to the needs of all our people.

The past year has been a very difficult one in that there seems to be a new cynicism pervading the Canadian political and economic world. Never has there been such distrust in the future of Canada as a political entity; seldom in our history have we seen such disenchantment than that expressed by Anglophones versus Francophones, labour versus government, business versus government, or labour versus business.

It is a time, everybody agrees, when inflation must be fought, but each group sees its solution as the only one. It is also a time when bilingualism is seen as a threat rather than a cohesive force in the development of our nation.

In this respect I am pleased to note that, according to the Speech from the Throne, the government intends to discuss with the provinces arrangements to increase the effectiveness of training in both official languages in the school systems across Canada. This is definitely a step in the right direction.

It is a time when 7 to 8 per cent of our potential work force is unemployed. The Speech from the Throne indicates that the government will introduce a comprehensive year-round job creation program, directed particularly towards areas of chronic high unemployment, and that other programs will provide more job opportunities and improve employment counselling for young people.

It is also a time when provinces and regions feel it is essential to increase their autonomy, and it is a time when the more disadvantaged regions of the country are more and more in need of a strong fiscal presence to preserve a minimum standard of services.

The greatest problem with which we have been presented is how we are to maintain an open, honest debate on the issues and at the same time prevent a confrontation which, by definition, is destructive. Certainly, we have to understand that the divisions are deep, that more and more distrust pervades our country.

It is crucial to our survival that we return to the bargaining table, as it were, to what the Prime Minister recently referred to as the cooperative pursuit of national objectives, with less government intervention, and more sharing in the responsibility for bringing about the type of society we want for ourselves and for our children. We must together take a long-range view of our problems and our objectives. We must together promote better mutual understanding.

To my mind, the function of government is to protect economic liberty and, at the same time, protect the liberty of those who cannot protect themselves. We must recognize that government is a process, not an end in itself. As circumstances change, policies and ideas must change also.

In discussing the role of government in Canada today, the Speech from the Throne stated that a major series of consultations will be launched throughout the country to secure a greater sharing of economic and social responsibility among all Canadians. This process should prove welcome and worthwhile, and I hope it will begin as quickly as possible.

All of us must understand that communications is a process of listening as well as talking. If we have new demands, or if we take new directions, in the light of new information, we all must be prepared to negotiate, to compromise, and to make an earnest effort to understand.

• (2030)

It is time for us all, honourable senators, to recall and to re-emphasize some of the old values. A survey taken not too long ago in the United States with respect to the attributes that Americans consider most vital to leadership, is very interesting. It showed that by a large margin, across almost the entire spectrum of occupation, of race and of gender, people were placing heaviest emphasis and reliance on such homely but enduring virtues as moral integrity, courage, compassion and common sense. These are attributes that our people have a right to expect of all of us today. Our citizens too are looking for a new assertion of those traditional values.

Honourable senators, if Canada is worth saving, it will require a new commitment on the part of groups, on the part of regions, on the part of provinces. The alternative is not only economic disruption, but the destruction of the dream of the Fathers of Confederation.

Hon. Chesley W. Carter: Honourable senators, before addressing myself to the Speech from the Throne, I should like to join all those who have paid tribute to Madam Speaker, not only for the gracious and efficient manner in which she presides over our deliberations but also on her television appearances. For many of us she is fast becoming a favourite television star. I had the pleasure of seeing her recent appearance with Senator Walker and Senator Forsey, and I agree that this was the most favourable and most honest publicity that the Senate has received in a very long time.

I should like, also, to associate myself with those who have expressed appreciation of the leadership which we have received from the Leader of the Government in the Senate, together with that of the Leader of the Opposition, which contributed so largely to the achievements of the Senate during the last session.

I begin my comments on the Speech from the Throne by congratulating the mover and seconder, and all others who have preceded me in this debate, on the excellence of their presentations. It has been stated on more than one occasion, over the air, in the other place and, I think, even in this chamber, that the Speech from the Throne is more notable for what it leaves out than what it contains. This trite comment can be applied to every Throne Speech, for the simple reason that it cannot be otherwise, since to give details of every piece of legislation would make the Throne Speech too long and would not achieve any useful purpose. The sensible and practical thing is to outline the purpose and intent of the legislative program and leave the details until the legislation is introduced into Parliament. However, to show that the Throne Speech is not as barren as some people would have us believe, I should like to quote from a press release of the Canadian Chamber of Commerce on October 13, 1976. It starts out as follows:

> We at the Canadian Chamber are pleased with the thrust of yesterday's Throne Speech, which suggests that substantial changes will be made in some major policies and programs. Several of the proposals announced yesterday are in keeping with the suggestions which have been made to Ottawa by this chamber.

Then it goes on to say:

> We agree that the country's top priorities are reduction of inflation and creation of jobs.

I skip over a few paragraphs to where it states:

> The chamber is in full agreement with the Throne Speech proposal that the growth of the federal public service should be curbed and we welcome any moves to improve labour-management relations. The Speech contains many positive suggestions in this regard . . . The new initiative to assist and encourage small businesses will be of special benefit to the majority of our members, as well as the stated intention to reduce the excessive paperwork involved in filing reports to the government.
>
> We applaud the proposed trade development initiatives and are encouraged by the importance accorded to freedom of access to government information and by the proposals regarding affirmation of human rights.

Finally, in the penultimate paragraph it says that the Throne Speech contains much to encourage Canadians.

I had not planned to participate in this debate, but I am doing so now for three reasons. The first is the positive response of the Canadian Chamber of Commerce to which I have just referred. The second is because the timing of this debate—it is taking place between Thanksgiving Day, which has just passed, and Remembrance Day, which is a few days in the future—gives it a special significance in relation to these two commemorations. The third is that Senator Forsey and others have made some proposals to which I feel I should lend my support.

We are living in a very troubled and dangerous time—perhaps the most troubled time in the history of mankind. But we Canadians have more to be thankful for than any other nation on this earth. Most Canadians are fairly well off, and even the poorest are provided with the necessities of life. As a nation we can provide ourselves with the essential proteins, while three-quarters of the earth's population go to bed hungry every night. It has been estimated that between 350 and 400 million people in the world today are on the brink of starvation.

It is true that we have our problems of inflation, unemployment, balance of trade, regional disparity and lack of unity, but we have much to be thankful for in comparison with some other peoples and nations. However, the fact that our day of thanksgiving was followed almost immediately by a day of protest, a protest based largely on human selfishness and greed, should cause us to pause and ask ourselves where we are and whither tending.

Our pioneering forefathers, the people who made this country great, took the position that all of the blessings we enjoy are gifts from a Divine Providence which we have not earned by our own efforts or merits. This was a sensible view based on the practical experience of people who knew that as individuals they could not add one cubit to their stature, nor make one blade of grass grow in the fields. They were not ashamed, as we seem to be, to acknowledge their dependence on their

Creator for the sunshine and rain, and for their good health which supplied the energy to till the fields and reap the harvest which gave them their livelihood.

But today, things are different. As a nation we go through the motions of thanksgiving, but there is reason to doubt our sincerity. Our actions speak louder than words. They indicate that we are motivated by the idea that as individuals we are entitled to whatever we can get, no matter who has to pay the price; that we can take out of the economy more than we put in, regardless of who suffers as a result. In short, we are saying by our actions that might is right, and we owe thanks to no one but ourselves. That, honourable senators, seems to be the direction towards which we are tending, and it is the road to disaster and destruction.

A few minutes ago, I mentioned some of the blessings we as Canadians enjoy. I purposefully omitted one which is the greatest blessing of all, the blessing of freedom. I refer to it now because in a few days, on November 11, we will be commemorating the sacrifice that Canadians and people of other nations of the free world paid to secure that freedom. Remembrance Day takes our thoughts, particularly those of my comrades in arms, back to the days of World War I and World War II.

● (2040)

How different our world is today from the brave new world for which 280,000 young Canadians and some 15 million of our allies sacrificed their lives. Those of us who can think back to World War I will recall that it was supposed to be a war to end wars, to reject once and for all the idea that might is right. When the outbreak of World War II proved this hope was in vain, freedom-loving nations sacrificed another 10½ million lives, including 86,000 Canadians. This time it was to save the world from tyranny and to preserve what we refer to as our free democratic way of life.

Nevertheless, there has been a steady erosion of freedom around the world ever since. The torch of freedom was thrown to us, but we have not held it high. Instead we have allowed it to grow dimmer every year. Last year it went out in India, a nation of 500 million people, and there are several countries at this moment where it is not burning very brightly, and could easily be extinguished altogether. There are only about 25 nations in the world today that can be said to have a completely free press.

Honourable senators, it is time that we paused and asked ourselves why this has happened. There are several reasons, but I think the first and most important is that we have not recognized the fact that democracy is based on moral and spiritual values, and for that reason it can function only within a moral framework. The prerequisites for freedom are truth, justice and righteousness, and unless we establish and maintain these prerequisites in our land we are not going to have a true functioning democracy.

It is in this context that I hope the patriation of the Constitution will be considered. The Constitution embodies a number of commitments that bind the federal government to do certain things for the provinces, particularly in the field of transportation. My greatest concern at the moment is, not that the Constitution be patriated, but that it be lived up to.

In the last session, on Thursday, April 8, 1976, as reported in *Hansard* at page 2049, Senator Bonnell listed a number of instances in which the federal government had violated the Constitution by disregarding its commitments to Prince Edward Island. Other provinces can make similar lists. A recent example occurred in Newfoundland a short while ago. For that reason I heartily endorse Senator Forsey's comments regarding the Constitution and support his suggestion that a Senate committee inquire into our transportation policy.

There is no doubt the provincial premiers are playing politics with the patriation question, each trying to score some political advantage for himself, but if the provisions of the Constitution can be disregarded completely by the government as a whole, or by the whim of an individual minister who may regard certain provisions in it as stupid, and if this can be done while the Constitution remains in the custody of another country, the premiers' reluctance to bring it under more direct control of the federal government can be easily understood. There is no substitute for integrity in governments or anywhere else.

A second reason for the erosion of freedom around the world is the failure of democratic countries to realize that freedom and responsibility are two sides of the same coin. In a democratic society, governments cannot govern unless the people themselves are prepared to cooperate, and each individual is ready and willing to accept his or her own responsibility for the nation as a whole. This involves discipline, and we have the choice of disciplining ourselves in accordance with the requirements of the moral law, or of generating forces which in time will require discipline to be imposed upon us. That is why we now have to suffer the disadvantages and inconveniences of income and price controls. For years, the government pleaded with and begged Canadians, particularly in industry and labour, to exercise voluntary controls, but they refused. In time the resulting forces built up and became so threatening to our economy that there was no other choice but to impose compulsory controls. Incidentally, it is notable that some of those who are now decrying these controls are the very ones who, a year ago, were crying out for the government to do something.

Senator Flynn: You should remember that those who are now applying them were at that time decrying them.

Senator Carter: One of the freedoms we enjoy is freedom of enterprise, and here too the keyword is responsibility. Free enterprise and free democracy have a symbiotic relationship with each other. One cannot exist without the other. When democracy goes, free enterprise disappears along with it. Anything that threatens the survival of democracy threatens also the survival of our free enterprise system. Free enterprise, then, has a responsibility to make democracy work. To survive, free enterprise must operate within the moral framework.

Our free enterprise system is in many ways a good system. It is the only system that gives the greatest opportunity to the

individual to develop himself and his talents, and to make his own contribution to society. It is the only system that maximizes the incentive for production, work, innovation, efficiency, saving and investment. It is the only system that graduates both its penalties and rewards with sufficient accuracy to bring about the production of wanted goods and services in the proportion in which they are most demanded by customers.

Socialists advocate changing the system, but that solution is too simplistic. The free enterprise system is not perfect. What is wrong with it is not so much the fault of the system itself as the way we use the system. Our greed and selfishness get in the way and we operate the system to exploit people, to waste resources and to produce harmful effects on the environment. Free enterprise cries out vigorously against any interference with what it calls the free market system, but it often interferes with the system by withholding supply and manipulating both supply and demand to force up prices and maximize profits.

Free competition is supposed to be the dynamic of the enterprise system, but large corporations often use their power to restrain competition, to eliminate it wherever possible, and to prey on weaker ones to put them out of business, without any regard for the effect on the nation or on the people whose livelihood is destroyed. Free enterprise complains bitterly about any government interference in the free market, but it does not hesitate to ask the government to interfere by way of subsidies and protective tariffs against outside competition.

One of the worst effects of the way in which we operate the free enterprise system is the unequal distribution of wealth. In Canada, the bottom 20 per cent of the population receives only about 4 per cent of the wealth produced. The top 20 per cent receives 44 per cent. The result is that the poor get poorer and the rich get richer.

● (2050)

It is the same on the world scale. Rich nations get richer while poor nations get poorer. In 1950 a farmer in South America could buy a jeep for 17 sacks of coffee, but in 1965 he needed 67 sacks of coffee. Today he needs 100 sacks of coffee to buy the same vehicle. Honourable senators, this cannot go on forever. These problems are just as much the responsibility of the free enterprise system as they are of government. The thing that disturbs me is that our top business people, our industrialists and our labour leaders, do not seem to realize this. The impression one gets from their statements and briefs is that if only the government will do what they consider to be the right things we will get back to the good old days where we will have full employment, good profits and plenty of prosperity. But the good old days are gone and are not likely to return. Therefore, they cannot continue concentrating on making money, without any concern for the problems of poverty and more equitable distribution of wealth or the fate of freedom and democracy throughout the world.

They do not seem to realize that our present society cannot continue to exist as it is today or as it was in the past. Our present society has been built on three assumptions: (1) cheap and unlimited energy; (2) cheap and unlimited resources; and (3) an indestructible environment. All three of these assumptions are now known to be false. Therefore, our society cannot continue to exist as it is today. Change is inevitable and all mankind, particularly we who live in the affluent west, are faced with a period of significant far-reaching and agonizing adjustments, particularly in our life styles.

A few minutes ago Senator Graham, in his excellent speech, referred to the kind of society we want for our children and grandchildren. We reap what we sow. If we honestly want to see ourselves as we are, we should look at the picture which Statistics Canada gives of Canadian society. In the fiscal year ending March 31, 1974, Canadians spent $2.6 billion on alcohol; $2.5 billion on cigarettes, despite the warnings about lung cancer; $912 million on racetracks, which is almost the same as the total of our foreign aid; $310 million on candy; and $127 million on pet food. This adds up to $6.45 billion for only five items. A 50 per cent reduction would finance a guaranteed annual income above the poverty level for all our poor. The figures for 1975 are not available but the total is probably well over $7 billion, and yet we scream if a few extra dollars are given to the poor, the unemployed and aged, and if milk goes up by 5 cents a quart, or eggs by 5 cents a dozen.

Is this the picture of a healthy society—or of one that is soft and self-indulgent? How must we appear to the 2 billion people trying to exist on a per capita income of less than $200 per year?

What we must do now is to begin building a completely new society, a society based on the facts of life concerning our environment and our available energy and resources; and a society that will preserve human rights, fundamental freedoms and the dignity of man. A well-structured society represents a woven fabric. In a good fabric each thread has its place, and supports the other threads as it is supported by them. This is the role of the various segments of our society and particularly the role of government, industry and labour. This is the only society that can survive in the future and at the same time preserve our democratic institutions, our human rights and freedoms.

We have the blueprint for that society in the Ten Commandments, in the Law and the Prophets, and in the Sermon on the Mount. But to build that society requires heart power rather than brain power; it requires inner change, a change of heart, a change of mind, a change of attitude and a new spirit in our land. We can and must build this new society. If we don't, the chances are that we shall have one built for us, one shaped by the ruthless forces of materialism and forced upon us by the might of a totalitarian regime. The problems to be overcome are man-made problems, but there are no man-made solutions. To find the solutions we must get back to the example of our forefathers and seek Divine help and give the Creator His rightful place in our personal and national affairs.

Nature teaches us that the secret of survival is to change, to adapt and to adjust. If we accept this challenge of personal change we can give this nation of Canada, under God, a new

birth of freedom, and it will be an example of inspired democracy which other nations will follow.

Hon. Jack Austin: Honourable senators, may I begin by congratulating Senator Carter on a wide-ranging and thoughtful address to this chamber. I would also like to congratulate those senators who have preceded me in this debate. In my opinion, the tone of the debate has been extremely high and the application of the Senate to the issues of the day cogent.

I would like to express my own appreciation to Her Honour the Speaker for her service to the Senate and, in addition, say how grateful I am to her for the assistance she has given me—and it was real assistance—over the past year. As honourable senators know, I have been in this chamber only a little over one year and I have relied very much on Her Honour's guidance.

To the mover and the seconder of the Address I offer my congratulations. Both honourable gentlemen presented to this chamber apposite and excellent presentations on behalf of their respective regions.

Senator Lucier is the first senator from the Yukon. I have known him for a number of years, having had the great privilege of being called to the Yukon bar in 1966 and of acquainting myself with the Yukon as a result of being executive assistant to the Honourable Arthur Laing, who was then Minister of Indian Affairs and Northern Development. The Yukon is a beautiful part of this country. It has an exciting history and a great potential. The Yukon is possessed of substantial mineral resources, which this country will need in its domestic manufactures and external trade. I urge upon the government and my colleagues here in the Senate policies that will give sponsorship to the development of the resources of the Yukon, and of the Northwest Territories, in the context of adequate environmental protection and protection for the societies that live north of 60.

Honourable senators, the Speech from the Throne made appropriate note of the twenty-fifth anniversary of the accession of Her Majesty to the Throne of Canada, which will take place during the Second Session of the Thirtieth Parliament. We are the only monarchy among the continental nations of the Western hemisphere, and in this respect our national evolution has been different in form from that of other peoples who have occupied and settled the new world. In substance we have not been deterred in our national development by the monarchy and, in my view, something of the tranquillity and progressiveness of our society to this time has its basis in the monarchical system.

Hon. Senators: Hear, hear.

Senator Austin: We remain a Canadian monarchy—not a British or any other kind of monarchy—because it suits and serves our interests as a nation, and not because of any obligation of any kind to anyone beyond our borders. I believe the majority of Canadians will continue in their support and affection for both the antiquity and the modernity of our democratic monarchical institutions. We are fortunate, indeed, to be served as our monarch by Her Majesty Queen Elizabeth. She is an astute person, knowledgeable in the affairs of the world community and deeply understanding of the nature of Canadian society. Nothing could demonstrate this better than the message she had for Canadians when she spoke in Montreal at the time of the Twenty-first Olympiad. In a speech at a state dinner given by the Government of Canada on Saturday, July 24 last, she said these words:

> How Canada resolves her political and constitutional differences is her own affair, but how she resolves her linguistic and cultural problems matters to thoughtful people everywhere.
>
> The world, all too familiar with the tragic price of conflict between peoples of different race, language, religion and culture, can look to Canada for a better example and for a renewal of the human spirit. It can look to her for a practical demonstration of how two strong communities can live together in peace, drawing from each other's strengths, respecting each other's differences.

● (2100)

Honourable senators, the sincere hope of Her Majesty's words are and will remain an accurate state of matters in the Canadian family.

I am greatly troubled by the dissension and differences which have arisen in this country in the past two years. Senator Graham spoke about that this evening, and I wish to continue on that theme.

In a speech to the Canadian Club of Montreal in the last week of October, René Lévesque said to a capacity audience:

> Canada is no longer two solitudes, it is becoming two hostilities. It is like two scorpions in one bottle.

Well, René Lévesque is not entirely wrong with respect to the minority of Canadians. There is a group in western Canada, a region whence I come, which is like one of those scorpions. That group in western Canada is hostile to the concept of national unity, which was the basis of the work of the Fathers of Confederation. There is a group in western Canada, distributed throughout the four western provinces, who feel strongly that their appetites and aspirations for their region would be served by the victory of René Lévesque in the forthcoming Quebec election. There is talk in western Canada about contributing financially through the Parti Quebecois, and I sincerely hope that René Lévesque will disclose the names of any from western Canada who contribute to his campaign.

Senator Flynn: That is wishful thinking.

Senator Buckwold: Whether they will contribute or whether they will disclose?

Senator Flynn: Whether they will disclose.

Senator Austin: I am sure the Leader of the Opposition is right, but he is a man who has told others that he believes they should disclose their affairs, and I have no doubt he will be consistent.

Honourable senators, there appeared in yesterday's issue of the Vancouver *Province* a story which to my mind is frighten-

ing. It appears under the headline "It's no lunatic fringe," and is by Barbara McLintock. She reports on a meeting, which took place in Victoria, of a group known as the Committee for Western Independence. She says:

> Nobody really believes in setting up a new nation of Western Canada, do they?
>
> The answer is: yes, they do, and they are not the lunatic fringe. They are still a minority certainly, even a tiny minority, but they are steadily growing in numbers and in respectability.
>
> More than 150 of them turned up in a basement meeting room of the Empress Hotel last Tuesday evening . . . with no special speaker except their president. That is surely a larger turnout than either the Liberals or Conservatives would have had in similar circumstances . . .
>
> They looked like the crowd that would turn up at any ordinary political meeting—about half of them middle-aged men in blue business suits; about a quarter older people, pensioners; about a quarter young people, the under-30s. Interestingly, most of the young people appeared to be working-class, skilled tradesmen, rather than the students and young professionals who are more often seen at political gatherings.

The brochure distributed by this committee outlined its aims. It contained two resolutions:

> We resolve to seek firstly within Confederation to demand our fair share of political power with one united voice.
>
> If our rights and place within Confederation are not to be recognized and political power given to us to control our land, its resources, our future, our language and culture, then we are resolved to unite in seeking the formation of a new and independent national state to . . . achieve the best for future generations with the land entrusted to us by Providence.

The columnist goes on to say how well received that resolution was, and to say that this is a growing group, a group with an attractive political program for western Canada.

Honourable senators, there are those of us who are well acquainted with the fact that there are real grievances within Confederation. There are those of us from provinces—

Senator Rowe: Would the honourable senator permit a question before he leaves this matter which he is now discussing?

Senator Austin: Yes.

Senator Rowe: Do they spell out anywhere what they would consider to be a fair share of political power and trust?

Senator Austin: The newspaper report gives no specifics of the nature of their complaint, but it does show a very powerful attraction these days in my part of the country to the idea of British Columbia or western Canada going it alone. There are funds available for research in both British Columbia and Alberta on the question of whether western Canada is getting a good deal in Confederation; whether certain provinces east of the Manitoba-Ontario border are not taking too much out of Confederation. There are people—and they are people in important places in business and the academic community of my province—who argue with me that British Columbia transfers, and will continue to transfer, far more money out of that province than it will ever get back in benefits from the rest of Canada.

I adopt none of those arguments. I am hostile to every one of them. I feel that this chamber has a particularly appropriate role in addressing itself to the question of regional aspirations and regional alienation in this country, and I urge upon the government leader and all senators the consideration of a means by which we may address ourselves to these questions—and, Senator Rowe, a means by which we may call these people to account in public and submit them to cross examination on the reality and viability of their views.

There is another aspect of the attacks on our national unity which has to be mentioned in this chamber. That is a rise of a contorted image of federal-provincial relations. It is the rise of the aspirations of provinces for economic personality, a kind of economic personality which the British North America Act did not conceive of. It is the demand for leverage in economic terms by certain provincial leaders which would give us not a Confederation in which our national issues are debated and solved in the crucible of Parliament, but in which our national issues are debated and solved, if at all, in federal-provincial agreements; and if there are no such agreements, there will be no solutions.

It is a concept in which Canada is a kind of loosely knit common market of provinces, with a weak federal government serving only those interests which do not involve themselves in inherent conflict of our peoples and regions. That is a concept which is being promoted by journalists such as Charles Lynch, Peter Thomson and other journalists who write to this particular effect.

Honourable senators, in my view our concept of the reconciliation of our national problems in Parliament is in danger of being lost sight of, and it is my view that this chamber bears a special responsibility to point this out. I hope that the Senate can be made to reflect more accurately a place in which the aspirations of our regions can be realized; a place which could assist in the resolution of those legitimate, real and even desirable differences in a process that helps bind us together. We need institutions in this country, consensus institutions, that will help bind us together. We have enough of the other kind.

Honourable senators, we will be discussing Senate reform during the second session of this Parliament. I hope that you will give some attention to the possibility of this chamber's reflecting in a way different from that in which it now does the parts of the country which are not represented by Quebec and Ontario. In the west—and I am sure this is true of the Atlantic provinces—there is a deeply-held view that its opinions do not count. The majority of the population of this country is in Ontario and Quebec, and the view of people in British

Columbia, Alberta and other provinces is that it does not matter what they think or what they say; that Ontario and Quebec will decide, and that is the end of the dialogue.

I believe it would be to the advantage of federalism in this country, and to the advantage of the role of this chamber, to give the western provinces a larger number of senators to represent them here. I believe it would be of use also to pursue the notion of the Victoria Charter that some senators should be appointed by the Prime Minister and the Governor in Council in consultation with provincial governments.

In addition, in order to enhance the ability of this chamber to reflect the regional interests of this country, I hope it will be possible to adopt a rule that would allow membership in this chamber to any person who has served as a provincial premier for, say, five full years. I say this because I believe that any man or woman who has served in such a capacity over such a period of time has something to say to us that is of relevance to Canada and to their own particular area of Canada.

● (2110)

Honourable senators, I shall go no further in this debate. I thank you for your hearing.

[*Translation*]

The Hon. the Speaker: The Honourable Senator Lucier, seconded by the Honourable Senator Barrow, moved:

That the following Address be presented to His Excellency the Governor General of Canada—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it the pleasure of honourable senators to adopt the motion?

Hon. Senators: Agreed.

[*English*]

On motion of Senator Perrault, ordered that the Address be engrossed and presented to His Excellency the Governor General by the Honourable the Speaker.

THE HONOURABLE JOHN J. CONNOLLY, P.C.

CONDITION OF HEALTH

Senator Perrault: Honourable senators, I should like to take this opportunity to give you a brief report respecting the Honourable Senator John J. Connolly, who underwent major surgery this afternoon at the Ottawa Civic Hospital. I know that there is concern about our esteemed colleague, and I can now inform the Senate that his condition is stable. He is resting comfortably, and this is considered to be very encouraging news at this time.

Hon. Senators: Hear, hear.

BANKING LEGISLATION

MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO MAKE STUDY—DEBATE ADJOURNED

Hon. Salter A. Hayden moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the document entitled: "White Paper on the Revision of Canadian Banking Legislation, August, 1976," tabled in the Senate on Thursday, October 21, 1976, and the subject matter of any bill arising therefrom, in advance of such bill coming before the Senate, or any other matter relating thereto; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Hayden, seconded by the Honourable Senator Bourget, P.C., that the Standing Senate Committee on Banking, Trade and Commerce—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Carried.

Senator Croll: No, no, no.

Senator Flynn: But the question has to be put.

Senator Croll: I know that, but the Speaker said "Carried". Senator Hayden is going to speak to the motion.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Hayden: Honourable senators, I should like to say a few words in support of the substance of this motion.

The form of the motion, I am sure, is well known to senators by this time. We have been using this form for various important purposes in the public interest in order to give early consideration to the subject matter of what will inevitably lead to important legislation. In my recollection this practice goes back to at least 1970 when we were dealing with taxation legislation. I should point out that there is usually involved in such a reference for study of subject matter the second phase which will lead to legislation. Here I am referring to legislation that is necessary in the public interest. This is usually the subject matter of what will eventually turn out to be legislation which has some time limit. For instance, the deadline is June 30, 1977, for dealing with the revision of banking legislation. The chartered banks in Canada, whose charter is the Bank Act, will have to stop operating unless one of two things happens: unless the new Bank Act is passed extending the life of the banks and whatever other financial institutions are to be included in the legislation for another 10 years, or Parliament provides some interim way of extending the 10-year life for a further period within which it would hope that the new Bank Act might be settled and passed. It has been necessary on at least one occasion to provide such legislation for the reason that Parliament was not able to conclude dealing with a new Bank Act within the time limit, that is the statutory time limit. I should point out that the subject matter of this motion, the white paper, is a preliminary to the introduction of a new bank

bill which will undoubtedly incorporate some or all of the proposals contained in the said white paper.

The white paper sets out reasonably extensively the pros and cons of the approach to many of the proposals involved in a revision of our banking legislation. You can see, then, that we are up against a deadline which inevitably means that a motion of this kind should be presented in order to permit the Senate to become well informed at as early a date as possible so as to be able to give the utmost consideration to the subsequent legislation arising out of these proposals within the scope of the time limit, usually a statutory time limit, involved in taxation legislation. As honourable senators are aware, normally there are time limits on provisions bringing certain measures into force, and we have had instances here where there have been justifiable complaints. I refer particularly to what was called the "Christmas closure."

• (2120)

I think to some extent we may have overcome that sort of thing by having an earlier consideration of either the proposed legislation or, where there is a white paper with the proposals, a study of the white paper. In that way we would be in as good shape as possible to be able to consider intelligently what is proposed in the way of changes in the existing legislation; and, certainly, in this white paper there are many proposals which involve substantial and important changes in the banking system and in the power and scope of banks and other institutions that are permitted to operate, or will be permitted by the legislation, if it is proposed to implement the proposals in the white paper.

I stress this to indicate the urgency that exists to put this white paper before a committee where there can be a thorough review and consideration so that we will be better informed and better able to deal with any new legislation that may incorporate any or all of these proposals.

My purpose in rising tonight, then, is simply to stress how important it is that we should move ahead with our consideration of the white paper, recognizing that, in an educational way, it is a preliminary to preparing ourselves for a consideration of the new bank act when it comes forward.

Senator Flynn: I should like to move the adjournment of the debate.

Senator Croll: You won't let me talk, eh?

Senator Flynn: Not tonight. I want to give you time to reflect.

Senator Croll: I will wait until tomorrow, then.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 3, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BANKING LEGISLATION

TEMPORARY RESIGNATION OF CERTAIN MEMBERS OF BANKING, TRADE AND COMMERCE COMMITTEE

Senator Perrault: Honourable senators, in view of the intention of the Standing Senate Committee on Banking, Trade and Commerce to study and report on the white paper on banking and related matters including suggested amendments to the Bank Act, certain members of the committee who are directors of banks, trust companies and other financial institutions which may be affected by the proposed measures have advised me that they are resigning their membership on the committee for the period during which the committee will study these matters. Therefore, these honourable members will be replaced by other senators. Of course, there will be no meetings of the committee on the white paper on banking and matters related thereto until such replacements have been made.

Honourable senators, may I say a few brief words about the statement I have just made. I should like to thank the members who are resigning, for their determination to allay any suggestion that conflict of interest would have been involved had they remained as members of this committee.

Indeed, those honourable senators indicated some days ago that they had no intention of sitting on the committee during consideration of the White Paper on the Revision of Canadian Banking Legislation or the Bank Act, although they would be prepared to serve on the committee during consideration of the many other items unrelated to the Bank Act and banking which will come before the committee this session.

Their attitude has been, "We want to do whatever is best for Canada and for Parliament," and as Leader of the Government in this place I commend them for their attitude.

Hon. Senators: Hear, hear.

Senator Flynn: Honourable senators—

Senator Macnaughton: Honourable senators, I rise on a question of privilege.

The Hon. the Speaker: May the honourable senator speak on a question of privilege?

Senator Flynn: If it is a question of privilege it has precedence over what I have to say, so long as it is not a comment on what the Leader of the Government has said. If it is a question of privilege, I yield.

Senator Macnaughton: I thank the Leader of the Opposition. In this morning's *Globe and Mail* this heading appears in the centre of page 1:

> Six senators with financial directorships won't sit on committee on Bank Act.

Paragraph 6 of this article, written by Mary Trueman, lists the names of six senators who apparently will not sit on the Banking Committee. My name is included among the six. John King, head of the *Globe and Mail's* Ottawa bureau, wrote me on August 25 in Ottawa asking for full details about any directorships held by me. I replied from Montreal on September 7 and invited him to call in person if he required any further details or information.

Again for the record, I wish to say that I am not a director of any bank, trust company, mortgage or loan company, caisse populaire or credit union.

Last Wednesday, October 27, at its organization meeting, the members of the Senate Banking, Trade and Commerce Committee unanimously elected me their deputy chairman.

I intend to make the best contribution I can to the consideration of those matters coming before the committee, including the white paper proposals on the revision of the Bank Act.

Hon. Senators: Hear, hear.

• (1410)

Senator Flynn: Honourable senators, although I had some discussions about this matter with the Leader of the Government, I was not expecting a statement of the type he has made today. In my view the matter which he has raised is one of great importance, and I would not want it to be treated as anything less than a matter of significant import.

The motion that Senator Hayden put before the Senate last night has one purpose only, and that is to refer the white paper on the Canadian banking legislation to the standing Senate committee of which he is chairman. The motion, as it stands, does not lend itself to the discussion of whether some members of that committee have or have not a conflict of interest.

I commend those members who have decided to resign from this committee during the study of the white paper. But I think that here we are faced with a very difficult problem. It is not only a question of solving the present problem; there is more to it than that; and there is more to it than what is raised in this morning's article in the *Globe and Mail* today.

I hold a directorship in a trust company incorporated under the laws of Quebec, and this white paper and any subsequent legislation may affect this company in one way or another. But I suggest to you, honourable senators, that this legislation may also affect many other organizations which are not in the loan or banking business. You have all received letters from car dealers, for instance, and I am sure that you will receive representations from many other groups, corporations and individuals who will find that they would be affected.

For this reason, I think at this time we should apply the rule that we proposed in the report of the Standing Senate Committee on Legal and Constitutional Affairs on Conflict of Interest, tabled on June 29, 1976. From that report I quote the following which is to be found at page 2303 of the *Debates of the Senate* for that day.

A Senator shall not

(a) advocate, support or promote any matter, thing, cause or course of action in the Senate or among Senators or Members of the House of Commons, or

(b) intercede with public servants or government bodies in respect of any matter, thing, cause or course of action,

if,

(c) in return for so advocating, supporting, promoting or interceding, the Senator is paid or accepts a sum of money, fee or other reward, or

(d) the Senator acts as an adviser or consultant to, or is employed in any other capacity by, any individual, firm or corporation that has a direct pecuniary interest in such matter, thing, cause or course of action or is a director, officer or manager of the corporation.

Honourable senators will have noted that the important parts of what I have quoted are to be found in paragraphs (a) and (d); that is, support or promote any matter in the Senate or among senators or members of the House of Commons, and (d) in any matter where the firm or corporation with which he is connected one way or the other has a direct pecuniary interest in such matter.

I suggest to you, honourable senators, that it may be the safe thing to do. So far as I am concerned I am willing to resign from the committee, because I am a director of a trust company incorporated under the laws of Quebec. But even so there is a technical problem involved because of the fact that I am only an *ex officio* member. Therefore, I do not know if I can resign without changing the rules. But that is another problem, and, be that as it may, I can easily dispense with attending the committee. But I do suggest to you that we are, quite possibly, creating here a dangerous precedent. It may be that all those members of the committee who have directorships of banks, trust companies or loan companies will decide to resign or at least to abstain from participating in the committee's work. But, I should certainly not like that to be construed as an admission on their part of a conflict of interest, an admission that they come under the proposed rule. I remind you again that it is only a proposed rule. Under existing legislation there is no conflict of interest. Conflict of interest would only occur if a certain very restrictive interpretation were placed on the proposed rule which is not yet in effect. And I would further suggest to you that a "direct pecuniary interest" is not proven by the mere fact that a member of the committee is a director of a firm which would be affected by the legislation. Not in the least. It is a dangerous precedent, in my opinion, to acknowledge that we must resign, if we are in that position. However, I am willing to do so.

We have all heard the phrase—it has been used often—that Caesar's wife must not only be above reproach, but must appear to be above reproach. I say to those people who see conflicts of interest everywhere that they should remember that Caesar's motive was not entirely honest: after all, he wanted to get rid of his wife!

Hon. Senators: Hear, hear.

Senator Flynn: For those reasons, therefore, I suggest that this matter should be considered by either the Banking, Trade and Commerce Committee or the Committee on Legal and Constitutional Affairs. Certainly, we wish to be and appear to be above reproach. But how far must we carry appearances? Are we to ask the members of the committee not only not to serve on the committee but not to advocate anything involving financial matters in the Senate? That would mean, according to this rule, if it is interpreted in the way it is apparently suggested we should interpret it, that none of these members could even speak on banking legislation. They could not even express a view in committee, even if they did attend, because the words "advocate, support or promote any matter" go quite far. Indeed, the suggested interpretation of these words could have the effect of paralyzing the Senate and possibly the House of Commons in respect of these matters. For that reason I suggest we should be careful.

Personally, I am willing not to—indeed, not only am I willing but I have decided not to attend the committee. But I believe we are depriving both the Senate and Parliament as a whole of expert advice in these matters by interpreting the rule in this fashion.

Senator Perrault: By that you mean the fashion suggested in that report?

Senator Flynn: Yes, but which is the interpretation put on the words by those members who have decided to resign—and I am one of them. I include myself in their number and I say that such an interpretation is a dangerous precedent. It should be made clear that it is only to appear pure that we are doing it, but I am not at all sure that we are rendering great service to the Senate or to the committee in doing so.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): Honourable senators, perhaps I might appropriately say a word or two at this juncture. I should begin by saying that I am not a bank director or a director of any trust or other financial company; but I am a member of the local advisory board of a trust company which does business in many places in Canada, and I am not sure whether that puts me into the category we are discussing.

I do not intend to make any pronouncement about it today, but I do wish to say that this whole matter was discussed in the committee at its first meeting. The seriousness of it, I thought, was appreciated and understood by all members of the committee. In this respect I am not just referring to my position, but the whole question. I was amazed when I saw this morning that instead of continuing the discussion in the committee where all points of view could be put forth, those senators involved decided to take the irrevocable course of resigning.

• (1420)

I should have thought that a matter of such importance, which had already been discussed in the committee and, so far as I understood, left for further discussion before the committee began to undertake any hearings with reference to the proposed banking legislation, would have been dealt with by the committee. From the point of view of those of us who were not privy to that meeting of the group which we heard about in the paper and which Senator Macnaughton just read about, I am surprised that they have chosen the stated course rather than allowing all members of the committee to be privy to the discussion and to decide as a committee what would be the appropriate course.

Senator Croll: Honourable senators, the result of the government leader's announcement is that I shall have to cut my speech in half.

Senator Flynn: That was the intention.

Senator Croll: It won't hurt. As the Leader of the Government has announced, some members of the committee have chosen to resign. That does not help the situation a great deal, of course, because I do not know which senators have resigned, or are planning to resign. It does not make any difference to me who resigned. The main question, to my mind, is the definition that was used in defining "directors."

It is my intention during the course of the debate to say a few words about the right to set up the committee and the cost of the committee, followed by some matters of a more or less personal nature about which a senator has spoken to me.

Let me begin my remarks by saying that the committee was named on October 26, which was a Tuesday, and on Wednesday, October 27, the motion in question was presented and leave was requested by the Deputy Leader of the Government to deal with it immediately. There was some urgency about it.

Senator Langlois: That is not so.

Senator Croll: Someone asked for leave.

Senator Langlois: The mover requested leave.

Senator Croll: I apologize. The two of you sit so close, I thought it was you. In any event, I objected to the motion being proceeded with at that time. When I arrived originally that day, I had intended to speak to the cost of the committee and with respect to—

Senator Molson: Which committee?

Senator Croll: The Banking, Trade and Commerce Committee.

Senator Flynn: May I ask a question of the honourable senator? You say that you intended to speak to the cost. Are you now speaking on Senator Hayden's motion or on the announcement made by the Leader of the Government? They are two separate items.

Senator Croll: I am speaking on Senator Hayden's motion.

Senator Flynn: We have not yet reached the Orders of the Day.

Senator Rowe: Honourable senators, I wonder if I might ask a question. What are we debating?

Senator Croll: I apologize.

Senator Flynn: The Leader of the Government simply made an announcement. We are not yet at the stage of the resumption of the debate on Senator Hayden's motion.

Senator Perrault: I just made a statement to the house.

Senator Croll: I apologize. I will rise again when we reach the appropriate stage.

Senator Smith (Colchester): You are having a hard time.

Senator Croll: You bet I am.

DOCUMENTS TABLED

Senator Perrault tabled:

Notice of Ways and Means Motion to amend the Income Tax Act, dated November 2, 1976, issued by the Department of Finance.

Notice of Ways and Means Motion to amend the Income Tax Application Rules, 1971, dated November 2, 1976, issued by the Department of Finance.

Report of the Department of Energy, Mines and Resources for the fiscal year ended March 31, 1976, pursuant to section 5 of the Department of Energy, Mines and Resources Act, Chapter E-6, R.S.C., 1970.

Report of the Canadian Grain Commission for the year ended December 31, 1975, pursuant to section 14 of the Canada Grain Act, Chapter 7, Statutes of Canada, 1970-71-72.

FOREIGN AFFAIRS

REPORT OF COMMITTEE EXPENSES TABLED

Senator van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate on November 6, 1974, to examine and report upon Canadian relations with the United States, tabled, pursuant to rule 84, the expenses incurred by the committee in connection with the said examination during the First Session of the Thirtieth Parliament.

NATIONAL FINANCE

REPORT OF COMMITTEE EXPENSES TABLED

Senator Sparrow, for Senator Everett, Chairman of the Standing Senate Committee on National Finance, which was empowered by the Senate on December 5, 1974, to incur special expenses for the purpose of its examination and consideration of such legislation and other matters as may be referred to it, tabled, pursuant to rule 84, the expenses incurred by the committee during the First Session of the 30th Parliament.

PROVINCE OF NOVA SCOTIA

EQUALIZATION GRANTS—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have a reply to a question posed by the Honourable Senator Smith (Colchester) on October 13. His question was:

> What arrangement did the Minister of Energy, Mines and Resources have in mind when he said, as reported in the press, that there was an arrangement whereby Nova Scotia would receive an additional $10 million in equalization grants this year related to assistance because of the higher cost of fuel oil?

The honourable senator also asked:

> What is that arrangement? By what amount will assistance be granted under this arrangement, and when will it be received?

The answer to this question is that the Minister of Energy, Mines and Resources was referring to the increase in federal-provincial equalization payments which resulted from the price increases in respect to crude oil and natural gas produced in Canada, as agreed to by the first ministers, effective July 1, 1976.

Because of such increases the resource income of Alberta will be substantially enhanced and under the formula governing the calculation of equalization payments it was estimated in mid-1976 that the resulting increase in equalization transfer payments to Nova Scotia would be of the order of $10 million. Thus, the minister was suggesting that such could be deemed to offset in part the higher cost of oil used in electric power generation. These increased costs resulted from the agreed increase in well head price of domestically produced oil and natural gas and the consequent reduction in the oil compensation payments made by the federal government to the oil importing companies.

Senator Smith (Colchester): Honourable senators, I thank the leader for his answer. As I listened to it, it seemed to be very complete except for one thing. Part of my question was: When will this money be received? As I listened to the answer I did not catch any reply to that particular point. I may have missed it.

Senator Perrault: Honourable senators, in the reply provided me I do not have a notation of a date. I shall undertake to give the date to the honourable senator personally or, if he wishes, publicly in the chamber.

HEALTH

SWINE INFLUENZA IMMUNIZATION—QUESTION ANSWERED

Senator Perrault: Honourable senators, Senator Bonnell asked a question on October 28, 1976, about the intention of the Government of Canada to scrap the large-scale swine flu immunization program, as he alleged was reported by the Canadian Broadcasting Corporation recently. Senator Bonnell said:

> If that is not the plan and there are no changes in it, when can the people of Canada expect to receive swine flu immunization?

The Minister of National Health and Welfare has announced that he has accepted in their entirety the most recent recommendations of the National Advisory Committee on Immunizing Agents relating to the 1976-1977 influenza immunization program. Mr. Lalonde also made public a report of the committee's meeting held during the week of October 24 in Ottawa.

The minister said he hopes the provincial health ministers, to whom the recommendations have been transmitted, will receive these favourably in order to establish a uniform national program.

• (1430)

The new recommendations are substantially the same as those made earlier this year by the committee, with one addition. This is a recommendation to extend the use of bivalent A/New Jersey-A/Victoria vaccine for children suffering from chronic neuromuscular disorders, cancer and conditions reducing biological defence mechanisms. While routine vaccination of school children is not recommended by the committee, special formulations of the vaccine are being prepared for those under 20 years of age with specific chronic illnesses.

The committee recommended that the vaccine be used as supplies become available. In considering alternatives to the recommended program, the members of the committee gave special consideration to the question of stockpiling monovalent A/New Jersey vaccine until further cases of swine influenza are detected, as recommended by provincial health ministers at their September meeting in Fredericton, New Brunswick. The committee rejected this option on the basis that it could preclude an effective preventative program. Delivery of the vaccine to the provinces is expected to start within the next few days. Indeed, it might be under way at the present time.

Senator Bell: I wonder if I could ask the Leader of the Government a supplementary question. Could he let us know if there have been any confirmed diagnoses of swine flu in either Canada or the United States?

Senator Perrault: I must take that question as notice. I shall endeavour to provide a reply as quickly as possible.

GRAIN

PROVISION OF RAIL CARS TO PEACE RIVER DISTRICT—QUESTION

Senator Austin: Honourable senators, I would like to ask the government leader if he knows that there is a great amount of grain piled up in the Peace River area of British Columbia. The department in charge has still not provided any government-owned grain hopper cars to that area. I would ask whether he can give this chamber a report on this urgent matter.

Senator Perrault: I really do not have that information on my desk. I shall make appropriate inquiries, Senator Austin, and provide a reply.

BANKING LEGISLATION

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

The Senate resumed from yesterday the debate on the motion of Senator Hayden to authorize the Standing Senate Committee on Banking, Trade and Commerce to examine and report upon the document entitled "White Paper on the Revision of Canadian Banking Legislation, August, 1976," tabled in the Senate on Thursday, October 21, 1976.

Hon. Jacques Flynn: Honourable senators, I shall not delay Senator Croll's speech very long. To do so would be unfair after what I did to him last night and today.

Senator Croll: That's right.

Senator Flynn: The only question put by Senator Hayden's motion is whether we should refer the White Paper on the Revision of Canadian Banking Legislation, dated August 1976, and any legislation consequent upon this white paper in advance its reaching us in the Senate, to the Banking, Trade and Commerce Committee. To me it is quite obvious that this motion is a good one, and one which will serve the public.

This formula of having a Senate committee consider highly technical problems in advance, based either on a white paper or intended or proposed legislation, has proven its worth over the years. You will recall, as Senator Hayden did last night, the tax reform legislation of some years ago. At that time we indicated to the government, in our initial report, that its proposals were perhaps not the very best way to deal with the problem. I think events have proven that the committee's first report was right. Now we are stuck with this problem. When the government has time to look into it again, it may go back to some of the recommendations made by the committee before the legislation reached us.

I can recall also the combines legislation, on which excellent work was done. The department—not likely the minister, because the minister has changed two or three times since then—may have reconsidered the proposed legislation, and I am quite sure that when the second phase comes before Parliament consideration will have been given to the suggestions made by our committee. The same thing can be said about the Bankruptcy Act, on which I think the committee also did excellent work.

This is not always done necessarily out of urgency. I agree, however, that there is some urgency in this instance because we have to deal with the problem before the end of June 1977 even though, as Senator Hayden indicated, if we are not ready at that time some interim legislation could be passed. But the problem of urgency is there, though it is not the only problem. With the expertise we have in the Senate or that we can gather, with the time and facilities we have for obtaining the views of a large variety of interested parties—and I would suggest that in respect of the Bank Act everyone has an interest—we are in a better position than the House of Commons, or any committee of that house, to deal with this matter.

My second point is that if the Senate makes recommendations before the legislation passes the other place, it is much easier on the pride of the House of Commons and the pride of the Senate to have them accepted or rejected before the legislation reaches us. That is, I think, the main reason why we should refer this white paper, or any bill that would follow from it, to our committee.

We have the time, the facilities and the expertise. I hope that no member of this house with such expertise will be denied the opportunity to work with the committee and express his or her views on this legislation, which is of paramount importance, because the proposals in the white paper may have very serious implications.

I suggest that there would be some resistance to many of the proposals in the white paper, and we should try to find out whether or not this resistance is valid. We can do a good job for the public of Canada, and we should not be afraid to do it. Again, I hope that those who have some knowledge of this matter will be able and willing to participate.

Hon. David A. Croll: It is all right, honourable senators; I have finally got the floor. Before I first went to the House of Commons I had been in the provincial legislature. I had had some party affiliation. Ian Mackenzie was the leader of the house and Jim Sinclair was my seatmate, having got in the house about the same time. I asked Ian when I could speak, and he said, "I will call you." I sat there for six months and wore out two pairs of pants waiting for him to call me.

One day, at about 10 o'clock at night, somebody was making an attack upon Mackenzie King for failing to do something about the flag. All of a sudden a statement was handed to me, sent over by Ian, with the message, "The Prime Minister wants you to put this statement on the record and make an appropriate speech." I read the statement so that at least I would know what was in it. I then got up and made the appropriate speech about the boys we had left overseas and the boys we had served with. It took about five minutes. It was actually the best speech I had ever made, as I realized when I read it afterwards.

● (1440)

I realize that I have been almost filibustered out of my position. However, I will tell you that there are not too many who get a second chance, and I do much better on my second putt than I do on my first.

I want to cover a few aspects. It is important that we understand each other because the committee has very important work to do. The question is as to who has the right to sit on the committee, and the cost of the committee. Then, as I said in the earlier part, comes a matter of a more or less personal nature, of which a senator has spoken to me and which I will cover during the course of the debate when the occasion arises.

At the moment I do not know what definition the Leader of the Government used for the purpose of defining a director. As I understood him, he said a director is a member of an advisory board, a bank director, an honorary bank director, a trust company director, an insurance company director and anyone who in any way is connected with a financial institution in that capacity.

On Tuesday, October 26, this matter came up, and the chairman moved that we deal with it immediately, as though there were an urgency. I objected to that, and actually I had come here that day for the purpose of dealing with the cost of committees before the Banking, Trade and Commerce Committee, which I will deal with a little later on. I had no intention of getting into anything more than that, because I thought that the Leader of the Government, knowing what was required to be done, would do it. It had been brought to his attention that directors should not be permitted to sit on this committee. It is his responsibility to nominate members to the committee and decide who should and who should not be seated on it. I said no, and when I said no I looked around and it seemed as though I had awakened something. For a moment all hell seemed to break loose. There are a lot of nervous Nellies here on the front bench, chickens with their heads cut off and palpitating politicians. I wondered what it was all about.

Senator Flynn: You were the only one.

Senator Croll: Then I decided I should look into this matter a little further and realized that what might have happened, and could easily have happened, was that we would have endorsed the resolution and mouse-trapped the Senate into making an endorsement and saying the Senate approved of this. Well, it did not happen that way. The resolution, of course—

Senator Flynn: Let us not deal with that.

Senator Croll: The resolution is set forth and speaks for itself.

Senator Flynn: Do you want me to read it for you?

Senator Croll: However, rule 75(1) of the Rules of the Senate provides as follows:

> A senator who has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown, in the matter referred to any select committee, shall not sit on such committee and any question relating thereto arising in the committee may be determined by the committee, subject to an appeal to the Senate.

Now, it seemed to me that it was very plain as to what that meant and what I had always intended, though it must be said that when the Bank Act was dealt with in 1954, which I had something to do with and shall mention a little later, there then existed rule 84, which was the same as the presently existing rule 75. The same rule 84 existed when we dealt with the Bank Act in 1964 and in 1967. During those days nothing was done to deal with the matter of representation of directors. Well, it is ten years later today; it is a new world, a participating world, and people are involving themselves in government. It is very much later than many senators appear to appreciate. I have no quarrel with any of the members of the committee, and I do not know who is withdrawing from it. The leader did not mention that; it is a deep secret, but sooner or later it will be out and I do not know why it is not out now.

Senator Walker: It is on the front page of the *Globe and Mail*.

Senator Croll: No, I do not think so.

Senator Molson: Did you read your quotation in the newspaper this morning?

Senator Croll: Certainly I read my quotation.

Senator Molson: Well, it is there.

Senator Croll: But someone said it is not, but certainly I said it and some names may have been left out.

Senator Flynn: Because you did not know them.

Senator Croll: Oh, I knew them. I have no quarrel with them. They are honourable men, upright men, but the public will not accept their sitting on a committee dealing with the Bank Act while they are directors of these financial institutions and we, least of all, should make it possible for them to do so. You know, less than a month ago one million people walked the streets in protest. They said they are never consulted, but are told about things. Despite the fact that the government consults them as often as it possibly can, they said they never are spoken to, and they want to be part of this business and part of the show. For heaven's sake, are only the bank directors entitled to sit on the Banking, Trade and Commerce Committee when it is considering such legislation as the Bank Act, which deals with interest, mortgages, loans and all the matters that are necessarily important to every person in his everyday life? What about the consumer? What about the farmer? What about all these other people?

Senator Flynn: You are there.

Senator Croll: Why is it specifically people who have all this expertise of which my friend the Leader of the Opposition speaks, and with which I shall also deal in a minute?

Senator Flynn: But you represent everyone on the committee, with a lot of expertise.

Senator Croll: Yes, I can well appreciate that. I was chairman of one of these committees, along with three others now present, and I know something of what is required of that committee, having dealt with it in difficult days. However, let us quit fooling and leading ourselves on. If not one director has anything to do with the Bank Act, this country will survive. It does not make the slightest bit of difference, and it will be a lot more credible in the sight and minds of the Canadian people if we make sure that the interests are of a more general nature. There is no question in my mind that every member of this chamber is his own lawyer. It does not make any difference whether a committee member is a director in fact, or not.

Under our rules he is prohibited from sitting. Moreover, his sitting is morally unacceptable.

● (1450)

I appreciate very much the Leader of the Government's telling us about the secret group of people who are no longer members of the committee. I do not know why their names were not presented to us. He said they had resigned and would be replaced. That is up to him.

Senator Flynn: That is not up to him.

Senator Croll: It would be madness to defy public opinion and attempt to have sitting on the committee anyone who does not fully qualify. Doing the right thing is something that we must not brag about. It is compulsory, it is obligatory, it is essential, and it has to be done in that light. Anything else would be folly on our side.

The Leader of the Opposition spoke about expertise in the Senate. That cannot be denied. As a matter of fact, we have often bragged about it, and it is worthwhile bragging about it.

Senator Walker: Perhaps I could get my honourable friend back on the track by asking him a question. For how many years was he a member of the Banking, Trade and Commerce Committee, and how many years has he been chairman of the board of the City Trust Company? Why did he get off the Banking, Trade and Commerce Committee, and has he not faced this situation himself on other occasions when the Bank Act and other matters have come up for consideration while he was a member of the Banking, Trade and Commerce Committee?

I speak as one who is not a bank director, and I am asking him the question because I remember his being associated with a financial institution for years, and I do not recall his declaring his interest or refusing to vote.

Senator Croll: I did declare my interest, and I did refuse to vote. It is a matter of record. I did not act on the committee when I was connected with the trust company, and I got off there years ago.

Senator Walker: You remained on the committee all the time and you did not resign. That is what you are objecting to today in connection with other people.

Senator Croll: I was never at the committee meeting, and I never acted.

Senator Walker: I remember distinctly that you were at the committee meeting. I sat beside you.

Senator Croll: Not once.

Senator Walker: We will look that up.

Senator Croll: I wish you would.

Senator Flynn: Why don't you do that yourself?

Senator Croll: He is guessing.

Senator Flynn: You too are guessing. You do not sound convincing, I must say.

Senator Croll: Nothing I could say would convince you, but I am convincing Senator Walker that I know what I am talking about.

Senator Walker: Just to summarize, it is a fact that for all these years you were a director and chairman of the board of the City Trust Company and, at the same time, you sat, for all those years, on the Banking, Trade and Commerce Committee.

Senator Croll: That is not true.

Senator Flynn: What is true?

Senator Croll: That is not true.

Senator Walker: Then give us the truth.

Senator Croll: I was there for some time, and I never acted or voted. When the matter came up, I declared my interest on two occasions.

Senator Beaubien: On two occasions in 20 years? That is very good.

Senator Walker: You never resigned. You were tossed off.

Senator Croll: Now you are talking!

Senator Walker: You have been a nuisance in that committee ever since I remember.

Senator Croll: I think that is expressing it very well, in that I was there for the purpose of making sure that the small people, the little people, got a square deal, and they knew, so long as I was around, that the committee was not getting away with anything.

Senator Flynn: I suppose you were the only one.

Senator Croll: There may have been others, but I made myself known and heard.

Senator Walker: Certainly you always made yourself known and heard!

Senator Croll: During the five years from 1971 to 1976 the annual cost of running the Senate was high. In 1975 it was $5,600,000, and in 1976 it is $9,400,000. That is a fair amount of money to spend. But what is more important—and this is where we talk about expertise—is that during the same period bills in which we all had expertise came from the House of Commons to the Senate.

Senator Flynn: Not all—some.

Senator Croll: From the way you spoke, I thought we had it all.

Senator Walker: When you were there we had it all.

Senator Croll: While we had this expertise—and there was a great deal of it—we spent $350,000 plus on lawyers and others. The House of Commons, doing the same work, considering the same bills, did not spend a plugged nickel or penny. They went to the department, received the help of whatever people were available, and used them for the purpose of obtaining advice and doing the necessary work. Moreover, the members of that committee applied themselves and did the

work themselves, whereas our committee cost us, as I say, $350,000.

That is a lot of money—it may not be a lot of money to some, but it is a lot of money—when we realize that at that time we were reducing the contributions to the cost of medicare, health care and other public services. There were also other expenditures that were undertaken at the same time.

Senator Molson: Would the honourable senator permit a question?

Senator Croll: Yes.

Senator Molson: What share of those committee expenses went to your committees?

Senator Croll: What committee?

Senator Molson: What share of those expenses were allocated to your committee?

Senator Croll: This has nothing to do with the Poverty Committee. This is $350,000 for the Banking, Trade and Commerce Committee.

Senator Walker: What did you spend on the Poverty Committee?

Senator Croll: You had before you whatever was expended. There were no experts hired. The expertise came from the members of the committee. You hired expertise, but we did not. Not a man was hired who was not already connected with the Committee.

Senator Flynn: You do not suggest that you hired incompetent people?

Senator Croll: No. I am suggesting that we hired people to do a job, and they did it. We did not go out and hire people at $300 and $400 a day to give us an opinion.

Senator Flynn: How much did you pay them?

Senator Croll: You had the accounts before you, and you received better value than ever before in all the years you have been in the Senate.

Senator Walker: Tell us what it was.

Senator Croll: I do not remember what it was. You had the accounts before you. You approved the expenditure, and thought it was very moderate.

Senator Côté: How many years did it take you to spend the $350,000?

Senator Croll: From 1970 to 1975 or 1976. I think it was a five-year period.

Senator Walker: That makes a difference.

Senator Croll: The point I was making—

Senator Walker: What point were you making? I would like you to make one point today.

Senator Croll: I am really not trying to make the point for you; I am trying to make it for the public. The point I am making is that the committee at that time relied upon the members of the committee to do the work themselves. They did not go out hiring people at a cost of $350,000.

It is all very easy for people to talk. I have here the House of Commons committee's report of 1954. Senator Benidickson was a member of the committee, as was Senator McIlraith and Senator Macnaughton. I was chairman of the committee. I had been chairman of the committee on war expenditures, and had just finished when the Bank Act came up. The 1944 Bank Act had been a bit of a shemozzle because we were in the midst of Social Credit dreams, and Gerry McGeer, Tucker and somebody else from the Social Credit Party—I cannot remember his name—pretty well imposed themselves on the committee. They were anxious to have as good a committee as possible for the next session. They asked me if I would chair it. I did not want to, but I finally agreed. The condition was a very simple one; it was that if we were able to bring in a resolution to have the banks go into consumer loans and mortgages the government would adopt it. We did that. But we did not spend one nickel on expertise during the entire length of that hearing, and I would add that it took a long time. If we needed some help, we went over to the department and got it.

● (1500)

The remarkable part about it, honourable senators, is that we hire people at $300 or $400 a day to work on these committees and to give us opinions—and they are competent enough people—but the people who sit in judgment on what they do are sitting in our departments and are available to us for nothing; we can have them simply for the asking. And that has been done time and again by committees which are trying to save some money and, at the same time, trying to provide a service to their members. The only way by which a committee can accomplish anything, and produce a report that is worth something, is to have its members do their own work on it; not by using surrogates, because anybody can do it that way. All you need is some money—and the government sometimes appears to have a lot of it.

And so, honourable senators, as I have indicated, it is my view that no one who is a member of any of these boards—and I defy them to do so—can sit on this committee. They should not try to sit on the committee directly or indirectly, because to do so would be to pervert the intention of the committee. Moreover, the expenditure of $350,000 is unforgivable in the circumstances, and when the necessary help is available here and should be taken advantage of.

Senator Walker: What help is available here? And when you are dealing with hundreds of millions of dollars, do you think that the expenditure of $350,000 over a period of five years is excessive?

Senator Croll: The expenditure of one dollar is excessive if we can get what we need for nothing.

Senator Smith (Colchester): Quite frequently what you get for nothing is worth just that—nothing.

Senator Croll: That is not always so. The government departments are available to us, and their top men are the best

in the country. I have seen the top men in this government, and they are extremely competent, particularly in the financial field. They are able to hold their own with anyone, and they are there and they are available to us.

Senator Smith (Colchester): They were not able to hold their own during the study of the bankruptcy legislation.

Senator Croll: Well, I was not there for the study of bankruptcy, so I cannot tell you about that. But I was present at a great number of meetings of other committees, and I saw them in action. I have known them over a great number of years.

Senator Walker: And you had no objection at that time until you were thrown off the committee.

Senator Croll: I am sorry; I did not hear what you said.

Senator Walker: And you had no objection until you were removed—perhaps that is a little more polite—from the committee.

Senator Croll: I was off the committee long before 1970, and before 1970 the committee never spent a dime on these experts. It only got these ideas afterwards. I don't know whether you gave them to the committee or not, but it certainly used not to have them.

Senator Walker: I was on the committee in 1963, and I have watched you operating for a long time.

Senator Croll: Well, then, you should have learned something from watching. It would have done you a world of good.

Senator Walker: When are you going to tell us something?

Senator Croll: I am not going to waste time by trying to tell you anything. I can tell you that now. But I have made it plain to the Senate that the matter of senators holding directorships sitting on a committee as important as the Standing Senate Committee on Banking, Trade and Commerce when it is dealing with revisions to the Bank Act is of national importance, and to deny that, even in a small way, would be a dreadful mistake.

We have the expertise, honourable senators, and we ought to use it. We ought not to have other people provide the expertise, and what expertise we do not have in our own committee we can find in the government departments. That is what we are here for. While I think that we ought to do the study being suggested at the present time, if we do not live up to the full letter of the law and if we incur any more of these expenses we will be doing something that will not soon be forgotten by the people of Canada, who are commencing to watch our costs. My purpose in rising was to say just that, and that is all I have to say for the moment.

Hon. Hartland de M. Molson: Honourable senators, I feel, since my name is one of those mentioned in connection with the Banking, Trade and Commerce Committee, that I should say a few words.

In the first place may I say that I welcome the statement made by the Leader of the Government. I think that the statement he made here today and the statement quoted in the newspapers as having been made yesterday are very fair and present the picture clearly. Yesterday, as it happens, I was telephoned by the reporter writing on this matter and asked if I was going to resign from the committee. I replied that I did not yet know. The young lady asked, "Well, what options have you?" "Well," I said, "not many, but I think I have two—one is to resign and the other is not to resign." She asked me, "When are you going to make up your mind?" And I said, "Well, quite honestly, I don't know, but it might be within a very short time; it might be this evening but I can't set a time on when I might make up my mind." I added, "As a matter of fact, in common with the others involved—and I am not alone in this—we have talked about the problem and there are a certain number of points of view attached to it."

I was thinking, when I was speaking, that our rule is quite clear in that it states that any senator "who has any pecuniary interest whatsoever, not held in common . . . shall not sit on such committee." But when I think of the Bank Act and banking in Canada and the size of the banks, and when I think of the trust companies in Canada and the size of the many trust companies, and when I think of the caisses populaires and the size of the caisses populaires and credit unions, and when I think of the pecuniary interest that I or one of my colleagues here might have in something done to change the Bank Act, I find that this is carrying it just a little bit far. It occurs to me that the possibility of either pecuniary benefit or pecuniary damage is fairly remote.

• (1510)

However, in looking at that article I notice that it says, "Senator Croll hinted that the decision had been slow in coming and had been prompted more by pressure from him and Senator Charles McElman." I spoke to Senator McElman this morning, and he agreed that he had not exerted any pressure on me at all. That was certainly my view of the matter. Senator Croll did not say anything to me. He did not mention the subject to me. But I hope that this article is not accurate.

Senator Croll: I did not say that I had exerted any pressure on you. The article is there. It speaks for itself. I didn't say I had exerted any pressure on you. You have the article. Read it.

Senator Molson: Are you asking me a question or—

Senator Croll: No, I am telling you. I have read the article.

Senator Molson: Then sit down until I am finished.

Senator Croll: Well, I think you ought to be correct.

Senator Molson: Just have some manners.

Senator Walker: That is too much to expect.

Senator Croll: You ought to be correct.

Senator Molson: Thank you. I will be, and you can ask me a question, if you wish. But the rules are made for you as well as for the rest of us.

Senator Croll: You ought to know that.

Senator Molson: Well, I do know it, and I am pointing it out to you.

I find it very hard to believe that Senator Croll would really have made that sort of statement—that my decision had been prompted by pressure from him and Senator McElman. Senator Croll and I took the Oath in this chamber on the same day many years ago, and I have known him ever since. I do not always agree with him, but I have never accused him of bad taste and I do not think he would like to suggest, as is written in this article, that my decision was slow in coming and that it was prompted by pressure from him or from anybody else.

Senator Walker: Hear, hear.

Senator Molson: This is a matter of my own pride, my own self-respect, and I am not prepared to come in here and have anybody, any more in this chamber than outside, cast any sort of aspersion on my integrity.

Having said all that, I should just like to add that I admit very freely that public opinion has changed enormously since Senator Croll sat on the Banking and Commerce Committee in 1967, when he was a member of a trust company board and when I was a director of a bank. I think today the question of who sits on this committee is a simple one, namely: What is best for the public, the people of Canada, and what is best for the Senate, the good name of the Senate and the work of the Senate? Under today's circumstances there is little doubt that, as a result of the enormous disappointments which people all over the world have suffered from some in public life who have shown that their integrity was questionable and, in some cases, that they were downright criminal, it behooves us to do whatever we can do to make the work of the Senate and that of any of its committees as clear as possible.

If I may say so, I am a little concerned at the trend of the popular view of conflict of interest, because I think it is going a little too far. In looking at our various committees I am really concerned about who should sit on any of them. I have a valued colleague, whom I respect, who is the chairman of the Standing Senate Committee on Agriculture. He is a farmer. There is no doubt in my mind that, in some way at least, he has a conflict of interest on occasion, but I do not say that he should not serve on the Agriculture Committee. I wonder whether medical people should sit on matters of health. I wonder if lawyers should take part in debates on capital punishment. Do they want to have their clients alive or do they want them dead? It is a fact that there is a conflict of interest.

An Hon. Senator: It depends on whether they can pay.

Senator Molson: Well, I think that is true, but we should consider it after the debt is paid.

This is a problem, and it worries me a bit. One of our colleagues said to me today, "I have 200 shares of CPR and I am sitting on the Transport and Communications Committee." Well, you could say he has an interest that is not held by everybody, but I do not think he will gain control of the CPR or affect its policy with respect to the number of rail lines it will abandon on the prairies, nor do I think he will deal with the Crowsnest Pass grain rates. Again we come to this question: What is a conflict of interest? In fact, so far as transportation and communications are concerned, any one who is interested in a railway, an air line, a steamship line, a trucking company, a telephone company, a radio station, a cable system, an oil company or a pipeline company should really consider that he has some conflict of interest—and perhaps he does.

All I am really saying is that I think we are dealing properly with the matter which is most immediate, which is the Banking, Trade and Commerce Committee's study of the white paper. In my opinion what is being done is the right thing, and it is being done for the right reasons. But I suggest that we should consider all matters most carefully, and make sure that there is a real conflict of interest and not just a superficial one before we suggest that a senator should resign from any committee.

Hon. J. J. Greene: Honourable senators, I rise to support the motion and to commend those senators who, in the best interests of the Senate and the country, have seen fit to resign from the committee for the time being. I am sure their motivation was that the Senate should appear in the eyes of the public to do what is right and best for the country.

I have somewhat the same concern as that voiced by Senator Molson. I wondered for a while whether I had tarried here too long, or whether the hardening of my arteries had gone to my head, when I found myself having some doubts about Senator Croll's views, with which I am normally in hardy and wholesome accord, and when I found myself heeding for once the tocsin sounded by the Leader of the Opposition who so seldom sounds views with which I can find accord. If I understood him correctly—and I think he was followed by Senator Molson—the whole strength of this place, as we have heard time and again, is the expertise of the very people we find to accept appointments to the Senate. Some come from the professions, some from the labour ranks, and some from agriculture. But in those very fields in which they have special expertise I would find it rather ironic if, in the interests of making Caesar's wife appear clean—to use the figure of speech of my honourable friend the Leader of the Opposition—we made it such that only a political, economic, and social eunuch could be Caesar's wife. I do not think that either Caesar or the country would be well served if that were the result of the precedent we have set here today.

• (1520)

Let us be sure, while we concur in the correct gesture on the part of those senators who have disqualified themselves for purposes of this particular study—the Bank Act being such a sensitive subject, and there being so little understanding among the public as to integrity—that we have not opened up a Pandora's box which will make it impossible in the future to use the very expertise which so many honourable senators have to contribute to our deliberations in the sacred name of conflict of interest, a subject so little understood.

To my mind, disclosure is the important thing. Once there is disclosure, then our peers in the Senate or on its committees, and, through them, the public, if you like, can judge whether

we have abused our positions or not. But to disenfranchise the very talents that so many have to contribute to our deliberations in the name of conflict of interest, I suggest, would be a great disservice to the country and to the Senate.

Hon. Frederick William Rowe: Honourable senators, I had not intended to speak during the debate on this particular motion, but I am prompted to by the remarks made by Senator Molson and now substantiated by Senator Greene. If I am permitted to say it, Senator Greene seems to have his metaphors somewhat mixed up in referring to Caesar's wife on the one hand, and to some other specimen on the other.

The question that was in my mind as I listened to Senator Molson and Senator Greene, as well as Senator Croll, is how far we should extend the principle of conflict of interest. I have the utmost belief in the sincerity of Senator Croll's position. In fact, I subscribe to the general principle he has enunciated.

Speaking personally, I am not a businessman, I am not a director of a company, and I am not a member of the Banking, Trade and Commerce Committee. This question, however, it seems to me, could affect every senator, or certainly a large number. If we were to extend the principle of conflict of interest to its logical absurdity, as Senator Molson has pointed out, we could find ourselves in a very serious situation. If, for example, an honourable senator has an investment, big or small, in a trust company—and the average professional man in Canada does have an investment in a trust company—he stands to benefit by anything that is done to favour trust companies generally, and stands to lose if some measure is enacted whereby the trust company, instead of paying him 10½ per cent on his investment, will in the future pay him only 9 per cent—and such measures are taken from time to time. In that instance, the senator is neither a director nor an officer of the company; he merely has an investment in it. Does he at that point find himself in a conflict of interest situation or, to put it more simply, could he sit as a member of the Banking, Trade and Commerce Committee and consider measures and make recommendations which might very well change, for example, the rate of interest which that particular trust company is paying to its investors? If so, is the senator in question faced with a conflict of interest situation? It seems to me that, as other honourable senators have pointed out, we are in danger of making our rules completely absurd.

I do not know what the answer is. If an honourable senator has an investment, whatever be its magnitude, in a trust company, how should he approach his position vis-à-vis sitting, for example, on the Banking, Trade and Commerce Committee when that committee is considering legislation which might affect that investment? I do not know the answer. I am not putting the question as a rhetorical one. I wish someone would provide me with the answer.

Hon. George van Roggen: Honourable senators, like Senator Rowe I did not come prepared to speak on this motion today. However, I feel I must rise to support the excellent points made, in the first instance, by the Leader of the Opposition and subsequently by several other senators.

One of the unfortunate things, it seems to me, is the rather dismal mystique which, fostered by the press, has developed relative to directorships. People seize on a man who is a director of some entity as being quite different from a man who owns something or who acts in a legal capacity for some entity. There could very well be much less of a conflict of interest in being a director of a company than in being a large shareholder of that company. A director may have a nominal shareholding only and be asked to serve on the board of directors simply for the expertise he can bring to the corporation in question—the same expertise that he might bring to this chamber. We must be very careful not to come to the ridiculous position that we must all resign from the human race in order to serve in this chamber.

As an example, just imagine the theoretical conflicts of interest one could dream up in respect of any member of this chamber who is a partner in a law firm employing 20 or 30 lawyers. Being a partner, he is considered to share in any benefit which accrues to the law firm. There is no question that one could extend this type of thinking to the point of absurdity, thereby destroying the effectiveness of this chamber entirely.

In this particular case, I know that the directorships are of a higher profile than are other examples that could be cited, but in reality are they, or is this a figment of the imagination of the press? I think we should be very careful to take the time and the pains, through the media, to point out to the public what is the real situation insofar as conflict of interest relative to directors, shareholders and people in other walks of life is concerned. Senator Molson gave the example of a farmer serving on the Agriculture Committee, and so on. We have to make sure the public understands that you simply cannot resign from the human race just because you accept an appointment to the Senate. In doing so, you would destroy your worth to the Senate and to the country.

There is one further matter I should like to touch on while I am on my feet, that being the criticism of Senator Croll to a committee's retaining outside expert advice, his suggestion being that you should simply go to the department concerned for the necessary expertise. Speaking as the chairman of a Senate committee, it is the departmental officials who draft the proposed legislation which our committees are asked to critically examine. They do not come before our committees to examine the legislation; they come to defend it. There is no question that there is a need for a certain amount of expert advice from outside if we are to do an adequate job of critically analysing proposed legislation. Because the legislation is proposed and drafted by the departments concerned, those same departments, by definition, cannot be critical of the legislation.

Senator Molson: May I ask my honourable friend a question? Is he suggesting that a lawyer who is retained as counsel by any type of financial institution should be disqualified from any study on the revision of the Bank Act?

• (1530)

Senator van Roggen: I was not suggesting that he should be disqualified. I was suggesting that the type of example that we are having set before us here could lead to such an absurdity.

Senator Molson: Thank you.

Hon. Salter A. Hayden: Honourable senators, I have had some difficulty this afternoon in relating the subject matters that have been discussed to the subject matter of the motion which I moved last night. However, I suppose in some strange, devious way one might come to a conclusion that would justify what has been said. I am therefore going to devote myself at this time to dealing with the things that were said, whether or not they are entirely, closely, or distantly related to the subject matter of my motion.

First, may I deal with the question of disbursements by the Standing Senate Committee on Banking, Trade and Commerce, and by the Special Senate Committee on Poverty in Canada? I obtained these figures from Mr. Dean's office. I was supplied with a breakdown of the $350,000 that Senator Croll spoke about. I find that in that breakdown, for professional and special services, we spent $207,000. A great part of what we spent—namely, $350,000 in all—amounting to over $100,000, was charged to our committee by the Printing Bureau, on the theory that they do the work and, although it is another so-called branch of government, we should take money out of one pocket and put it into another. In other words, we should take it out of government funds that are allocated to the Senate for its own purposes, and put them into the funds and earnings of the Printing Bureau. I am not quarrelling with or objecting to that. What we have done as a result of this type of expense, which ran to over $100,000, as I said, in this case, is that we do not now make a practice of printing many of the briefs that are filed. In the beginning, when we were not aware of what we were being charged for this service, we printed the briefs because it was suggested that we should, and because it is a convenient way of dealing with and having in one place all the representations that are made. But we do not print them all now; in fact, we print very few, and in some cases we may only print excerpts from them. The $350,000 is divided among these items: transportation and communications, information and printing, professional services and other expenditures.

When I look at the statement of expenditures which has been furnished to me for the Special Senate Committee on Poverty in Canada, I have difficulty in adjusting it to the statement made by Senator Croll that no expertise was employed by that committee, because these are the items: transportation and communications; information and printing, which for him was a very substantial item, $336,000; professional and special services, $324,000; and other expenditures, $15,000 or $16,000, for a grand total of $769,766.

I did not arrange for or dig out these figures myself. I asked Mr. Dean's office to provide them for me, and they have done so. I am not in position to question them or otherwise, but I do find a considerable gap between the figures for professional and special services in the detail furnished me by Mr. Dean's office, and the statement that Senator Croll made here today, that they employed no expertise, unless "professional and special services" includes things other than what people would supply and that would normally be called expertise. I am assuming that "expertise" means that it is professional in its nature.

The next thing, which does perhaps tend to be a little in the direction of being some distance away from the subject matter of my motion, is that in 1967 the Bank Act was referred to the Standing Senate Committee on Banking, Trade and Commerce after second reading. The Bank Act passed in that year became effective in 1968. We had a meeting of the committee on March 22, 1967, and this was at a time when Senator Croll was a member of the committee. He was present during the meeting, which went on for part of the morning and the afternoon. No objection was made in relation to bank directors or directors of trust companies who were then members of the committee—and there were some in those days, including even the chairman of the committee, who for some time now has been a statutory casualty.

Senator Walker: That is not Senator Croll; that is you.

Senator Hayden: The chairman had reached an age where he was no longer eligible to be nominated as a director, although from the way I feel I am glad to say I have, myself, no noticeable physical reaction that would suggest to me that there has been any deterioration—but then, your friends are the last people to tell you.

From this report, however, it is plain that Senator Croll took an active part in the discussion that went on, and I can say this because I have read all through it. There were quite a number of amendments proposed, some of them by people who were then bank directors. The amendments were voted on, and I know that the first amendment ended in a vote of eight to eight. I therefore declared the motion lost. One of the senators asked me if I had voted, and I said I had not. I had given warning of this in an announcement I had made at the beginning of the meeting, and before we began to hear evidence, which was to the effect that in view of the discussions going on in the newspapers at that time, and due to the fact that I was a bank director, I was not going to vote. I therefore did not vote, and the motion was lost.

Senator Croll tried three or four times, before he was finally successful, to move that the bill be reported without amendment. Finally, when the committee had got rid of all the amendments by voting them down, Senator Croll again put his motion to report the bill without amendment. This was carried, and we so reported the bill. There was no question raised at that time about rule 75 or the earlier rule 84, as I believe it to be.

We, of course, have to concede that as people mature some of them acquire more wisdom, and some do not, but this was an excellent opportunity for Senator Croll, in view of the familiarity that he had with the provisions of the Bank Act, since he had not only presided over the deliberations of a committee of the House of Commons in or about 1954, when the Bank Act was being studied in that place, but was a

member of the committee also. He certainly attended this meeting, and put questions, and Senator Roebuck was there and put questions; but there was never any suggestion that bank directors who were members of the committee should not participate in the discussion and should not vote.

We therefore come down to the present moment. We are now told that the modern world has moved along, that there has come about a great maturity in thinking, and that now you must not only not offend, but you must not even give the appearance of offending.

● (1540)

I am out of that category, and have been for five, six or seven years. I do not have to speak on behalf of myself, but when Senator Croll said that he knew the meaning of rule 75, I accepted that statement as being a statement based on his legal understanding and interpretation of rule 75. But I do claim to have some legal knowledge, acquired over a long period of time, and some experience in legal matters and in matters of interpretation. I disagree completely with his view. Fortunately, on this issue I have on my side three authors who are recognized experts in this field—so much so that the British House of Commons relies on one of them, and the Canadian Senate and House of Commons rely on the other two. Those three are May's *Parliamentary Practice*, the Eighteenth Edition, where in Chapter XVIII the author deals with the subject matter of personal pecuniary interest; *Bourinot*—and all I have to do is mention the name and you identify it right away with a thorough knowledge and understanding of parliamentary practice—the publication of 1916 on public policy and on Speaker's rules; and the real bible of the House of Commons, Beauchesne's *Parliamentary Rules and Forms*, Fourth Edition, 1958, and particularly page 54. Having given those references, I say it is like producing decided cases in support of an argument you are making in court. These are my decided cases that support my thinking on the interpretation of rule 75.

May I take you back for one minute to the Senate and the House of Commons Act, Section 4 of which provides:

> The Senate and the House of Commons respectively, and the members thereof respectively, hold, enjoy and exercise,
>
> (a) such and the like privileges, immunities and powers as, at the time of the passing of the British North America Act, 1867, were held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom, and by the members thereof, so far as the same are consistent with and not repugnant to that Act; and
>
> (b) such privileges, immunities and powers as are from time to time defined by Act of the Parliament of Canada, not exceeding those at the time of the passing of such Act held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom and by the members thereof respectively.

Section 5 goes on to say:

> Such privileges, immunities and powers are part of the general and public law of Canada, and it is not necessary to plead the same, but the same shall, in all courts in Canada, and by and before, all judges, be taken notice of judicially.

Now that is your base. Then you look for a statement by Erskine May. This is what May has to say in his Eighteenth Edition of *Parliamentary Practice*, dealing with the practice in the British House of Commons:

● (1550)

> In the Commons it is a rule that no Member who has a direct pecuniary interest in a question shall be allowed to vote upon it: but, in order to operate as a disqualification, this interest must be immediate and personal, and not merely of a general or remote character. On 17th July 1811, the rule was thus explained by Mr. Speaker Abbott: "This interest must be a direct pecuniary interest, and separately belonging to the persons whose votes were questioned, and not in common with the rest of His Majesty's subjects, or on a matter of state policy." This opinion was given upon a motion for disallowing the votes of the bank directors upon the Gold Coin Bill, which was afterwards negatived without division.

We also have this statement by May, that if a member of the Commons in England has, or could be said to have, a pecuniary interest it does not inhibit or prevent him from voting on a matter of public policy or on a public bill.

There are many such references and I am not going to weary you with them all, but I should tell you that where such rulings have been given it has been in the consideration of such cases as this one. For instance, with respect to the owners of land in Ireland, there was a ruling negativing an attempt to disqualify a vote on a clause providing for payment out of public money of the landlord's share of rates in the Local Government (Ireland) Bill.

There was another instance concerning members who were landowners or farmers voting on the Corn Production Bill, and another concerning members having an interest in advertising and the manufacturing of wireless apparatus, on a motion to approve the government's policy on television advertisements, and that motion to disqualify failed. Bourinot has this to say on the matter:

> The Canadian Commons have among their rules the following:
>
> 22. "No member is entitled to vote upon any question in which he has a direct pecuniary interest, and the vote of any member so interested will be disallowed." Senate rule 53—

As it was at that time.

> —is to the same effect.
>
> The interest must be of a direct character, as it was well explained on one occasion, in a decision by Mr. Speaker Wallbridge, in the legislative assembly of Canada.

That was in 1865.

> A division having taken place upon a bill respecting permanent building societies in Upper Canada (which had been introduced by Mr. Street), Mr. Scatcherd raised the point of order, that, under the rule of the house, the former had a direct pecuniary interest in the bill, and could not consequently vote for the same. The Speaker said—"The interest which disqualifies must be a direct pecuniary interest, separately belonging to the person whose vote is questioned, and not in common with the rest of Her Majesty's subjects, and that, in his opinion, as the bill relates to building societies in general, the member for Welland is not precluded from voting.

There are many other references. Again the material is available to any person who wants to read it. I do not want to weary you with all the quotations, except this one from Bourinot:

> It was not until 1894, when the rules were revised, that the Senate adopted the Canadian and English resolution governing such matters, but previously the practice was the same in both houses. When the bill is of a public nature, a member of the Senate may properly vote if he wishes to do so.

In the Fourth Edition of Beauchesne's *Parliamentary Rules and Forms*, which is really the House of Commons bible, there is this:

> The interest which disqualifies a member from voting in the House must be immediate and personal, separately belonging to the person whose vote is questioned . . . The votes of members on questions of public policy are allowed to pass unchallenged. Public bills are frequently passed relative to railways, building societies, insurance companies and salaries to ministers.

I can say as well that in the British House of Commons, in the case of interests in breweries, banks and so on, the decisions have all been to the same effect, that the motion to disqualify a member from voting has been negatived.

You will notice the language I use, because while the rule applying to the house would also apply to the operation of a committee, the form of the motion is to disqualify a member from voting, or if he has voted to disqualify him and withdraw or cancel the vote. There is, therefore, a well-defined procedure for interpretation of this rule. The language of our rule 75 is very unfortunate, as I have suggested to the master of our rules, Senator Molson. It says:

> A senator who has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown—

That, of course, is antiquated language.

> —in the matter referred to any select committee—

A select committee includes a standing committee.

> —shall not sit on such committee.

The effect of not sitting on such committee is not voting.

However, if you read rule 72, any senator may attend any committee meeting of any committee of the Senate and may take part and participate in the proceedings; the only thing he cannot do is vote.

When the conclusion is drawn that if a bank director, a trust company director, and so on, sits on the Senate Banking, Trade and Commerce Committee he is doing something illegal, I say it is just utter nonsense to make a statement of that kind. It is perfectly legal and valid, and is supported by all the references, even basically by the Senate and House of Commons Act itself, which gives to senators and members of the House of Commons in Canada privileges and immunities enjoyed by the members of the House of Commons in England at the time of the passage of the B.N.A. Act. The only way in which it is cut down is if there has been any subsequent legislation in Canada which abrogates or shades, a little or a lot, the function of senators and members of the House of Commons and their ability to vote.

I think that pecuniary interest, in view of the rulings I have referred to, should be related to, or is almost synonymous with, conflict of interest. That is, the nature of the conflict of interest would have to be of a pecuniary nature.

● (1600)

Now, what else could there be? The Banking, Trade and Commerce Committee consists of 20 members, and it would appear that there may be four or five who are at this time bank directors, and there may be one or two who are trust company directors. To suggest that they by virtue of that have the ability and the power to influence the direction and the consideration of any matter relating to the Bank Act, or legislation of that nature, is, I say again, just utter nonsense. Business does not go along that way, nor do people of that standing and character. Then it must be attributed to the other members of the committee, who do not have that expertise, that they have no intelligence and cannot appreciate that a job is being done on them to influence their thinking in the direction others desire it to go.

In my opinion these are completely irrational assumptions, the same as it is a completely irrational assumption to propose that rule 75 precludes, as a matter of law, directors of banks, trust companies or other financial institutions from being entitled to attend meetings of a committee of which they are members and take part in those meetings. My thought on it when we were discussing this matter in committee was that the senators who were in that position might declare that they would not sit as members of the committee. That would mean immediately that they would not and could not vote, but there is nothing to prevent them, even if they had reasoned or taken this course of action, from attending the committee meetings. Our rules provide that they can attend the meetings and participate in all the discussions, but cannot vote. The crucial point is, as you will notice from the references I have made to May, Bourinot and Beauchesne, the matter of their vote. That is the way in which they express their support for one side or the other of an issue. If they attend as senators, and do not sit as members of the committee, they cannot vote. They have

been stultified to that extent and the purpose that they cannot exercise that very important right of voting has been accomplished.

Therefore, I say that it is unfortunate that the tendency today in the mind of the public, which has been fostered to a great extent by the press and such statements as, for instance, Senator Croll has made here today, is to cast some doubt on the integrity and credibility of members of the Senate.

Some Hon. Senators: Hear, hear.

Senator Hayden: I can tell you from personal experience that when I was a bank director the views of the individual directors were expressed strongly and firmly. They were sought by the management and were given very strongly and firmly, with great independence, I would say, with regard to the requirements of the public interest, and what those particular directors felt should be done in the public interest. So I refuse to accept the statement that bank directors are a special class of people, and one so much lower in the category of human beings that they are not fit to be members of a committee that may be dealing with a bank act. Suddenly they have been transformed, from being professional or financial men, and therefore very acceptable as members of the committee to take part in the discussions, by the fact of becoming directors, and the committee is deprived of much of the contribution that they might otherwise have made to the problems that will come before it. I know that in my case, at least, when I was appointed to the Senate I was not asked—the answer would have been no, anyway—whether I was a director of a bank. The answer would have been no, and it was not until many years later that I became a director and, as I say, for some years now I have not been a director.

I like to feel that throughout the whole period that I have been chairman of this committee I have proceeded at all times in the public interest. Certainly during the period when Senator Croll was a member of the committee I could rest assured that if he felt we were not doing that he would be raising issues. I have skimmed through *Hansard*—not a deeply-scaled reading of every word, but I have skimmed through it—of those days and I do not find any objections to the course of action of the chairman until 1971, and that is another story which we need not go into today. However, these are reasons which impel me to regret that we have had to thrash this issue out in public, and I am sorry to see these members who are bank directors or trust company directors take this step of resigning from the committee. Their membership in the committee was of great value, and it extended over a long period of time for most of them and they had acquired an expertise, a facility for dealing with legislation, that will certainly be missed. I only hope that they will find themselves able to proceed under rule 72 and attend the meetings, giving the benefit of their experience, knowledge and expertise—call it that, if you like—to the committee, even though they will not have the right to vote.

Therefore, in my opinion, the important thing now is to get this matter before the committee, because we have a great deal of work to do.

Motion agreed to.

MANPOWER AND IMMIGRATION

REPORT OF NATIONAL FINANCE COMMITTEE ON MANPOWER DIVISION—DEBATE CONCLUDED

The Senate resumed from Wednesday, October 27, the debate on the inquiry of Senator Everett calling the attention of the Senate to the Report of the Standing Senate Committee on National Finance, appointed in the last session of Parliament and authorized in that session to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ended March 31, 1975, and tabled in the Senate on Tuesday, October 19, 1976.

Hon. Chesley W. Carter: Honourable senators, the subject under debate is the report of the Standing Senate Committee on National Finance on its inquiry into the operations of the Manpower Division, and before continuing further I should like to congratulate Senator Everett on the lucid and masterful presentation he gave when he opened this debate as recorded on pages 44 to 48 of *Hansard* of October 20.

I should like also to compliment Senator Everett on the very efficient manner in which he conducted the work of the Standing Senate Committee on National Finance, and presided over its sittings during this inquiry. It has been a great pleasure, as well as an honour, to serve on this committee under his chairmanship.

● (1610)

The report was covered so thoroughly by Senator Everett in his opening speech, to which I have already referred, and again by Senator Sparrow in his excellent presentation last Wednesday, that, bearing in mind the tradition which exists in this chamber to avoid repetition, there is little that can usefully be added to what has already been said. I propose, therefore, to elaborate a little more fully on some of the points to which those honourable senators have already referred.

In considering a report of this nature, it is wise to distinguish between the formulation of policy, which is the responsibility of the cabinet as a whole, and the implementation of policy, which is the responsibility of a single minister and the department which he heads.

In a country like Canada, with its vast areas and diversity of regions and resources, it is inevitable that *ad hoc* responses be made to situations as they arise. As experience proves some responses to be good and others bad, that some methods and practices will work and others will not, in time decisions by the government based on successful pragmatic solutions become integrated into policy and assigned to a particular department for implementation.

In 1966, when the Department of Manpower was created, the main emphasis was on the need to help unemployed

workers find jobs, and the whole departmental apparatus of registration, counselling, placement and training was geared to this end in accordance with the concept of a national employment service. The success of the department was judged largely by the number and quality of the placements made. However, when we come to inquire into the validity of the placement yardstick, we immediately encounter a problem because of the definition of placement used by the department, and the difficulty of distinguishing between permanent and casual placements.

Under the definition used by the department, a placement is one person placed in one job for a period of one week. Thus the same person placed in three successive jobs of a week's duration would count as three placements, while three different people placed in the same job successively one after the other for three weeks would also count as three placements. On the other hand, a person placed in a job, and who stays there longer than one week, can be considered as a permanent placement. While these periods are too short to be meaningful, so far as statistical data is concerned, there is really no consensus as to what constitutes a permanent placement.

It was explained to the committee that the definition used by the department follows the common usage in other countries. The United States employment service uses a three-day criterion for casual placements; the United Kingdom and France make no distinction between casual and permanent placements, and Sweden keeps no placement statistics at all.

Evidence before the committee indicated that prior to 1972 the placement function was regarded as the main reason for the department's existence, and this was shared not only by employers and job seekers but also by officials of the department. The main confusion arose as to whether the department existed to serve employers who had job vacancies, or unemployed workers looking for jobs. Obviously, departmental officials tried to do both as best they could, but there was considerable disagreement as to where the emphasis was being placed, and most of the complaints that were received by the committee related to this period and to this particular situation. Since, as Senator Everett pointed out in his opening speech, placement is still a major function of the department, it will be necessary to work out more precise and more realistic definitions of placement before the efficiency of the placement service can be evaluated in meaningful terms.

In 1972 the philosophy of manpower as a national resource, which had been promoted by the Organization for Economic Cooperation and Development, was adopted by Canada as a member country, and the department then proceeded to gear its pragmatic operations to this philosophic concept, which included both the management and development of manpower resources. This, in turn, involved the forecasting of manpower needs and skills, the training required to meet those needs, the training of handicapped to their full potential, along with job creation and the placement service, which, as Senator Everett has pointed out, still remains the core function of the department.

Prior to 1972, the main objective of the Department of Manpower was to ensure that the supply of manpower matched the demand qualitatively, quantitatively and geographically. In 1971, the report of the Senate Special Committee on Poverty recommended as follows:

> Manpower development is an economic concept limited to direct labour market activities. Human resource development is a broader social concept which includes all aspects of education, training, retraining, and intervention with respect to social, psychological and physical problems as they relate to people. As one step towards a meaningful anti-poverty program the Government of Canada should shift its emphasis from manpower to human resource development.

As stated earlier, this shift in emphasis was advocated also by the OECD, and in 1972, following a policy review, the concept of long-term economic growth was broadened to include the social roles of stability and equity. Stability, of course, refers to stability of the labour force, which includes job creation and the reduction of unemployment, and equity includes the goals of reducing poverty and disparities in the distribution of income.

As a member of the Senate Special Committee on Poverty, I supported and still support the recommendation with respect to human resource development.

However, policies aimed at growth, stability and equity cost money and they all involve training, and immediately we start to apply those policies we come face to face with the question of how much should be spent in pursuit of each goal. The total expenditure of the Manpower Division amounts to about $655 million annually. Of that amount, $418 million is spent on various forms of training—academic, vocational, technological, and trades training and industrial training. Included in that amount of $418 million is $100 million spent on upgrading the elementary education of workers in various subjects to qualify them for admission to industrial and trades training courses.

There is a general complaint abroad today in all provinces of Canada that our schools are not placing sufficient emphasis on teaching the three Rs, that students are coming out of our high schools unable to express themselves clearly and grammatically, unable to spell correctly, unable to read with comprehension and incapable of performing the basic mathematical calculations that are a part of everyday life. The committee's finding, and the magnitude of the annual expenditures of the Manpower Division to correct these defects, tend to support that view.

Since education, particularly elementary education, is a provincial responsibility, there is some question as to whether this is a legitimate expenditure for the federal government. On the other hand, to the extent that workers are able to develop their skills and make a greater contribution to the economic life of the nation, as well as improving themselves educationally and financially, this $100 million represents an investment in our human resources which repays itself many times over.

The British North America Act places education under the jurisdiction of the provinces, and, as a result, the only way in which the federal government can participate in academic and skills training programs is by means of agreements with the provinces. While no two agreements are exactly alike, they all specify a fixed amount of money available for course purchases, and the provinces are obligated to provide complete financial reports of their disbursements annually. All provinces but Ontario agree to provide as many training days as they can for the fixed amount. In the case of Ontario, a fixed total price for a set number of training days is specified, according to an agreed scale of fees relating to the kind of course provided. Thus the volume and mix of courses is established, but the location and occupational skills to be taught are left open. The federal government does not pay for training days not utilized. Under the arrangements the federal government has little or no control over the type, quantity or quality of the courses being purchased, and no method of determining whether it is getting full value for the money spent.

● (1620)

This situation is offset to some extent by the federal-provincial manpower needs committees which have been set up in every province and are required (1) to co-ordinate federal and provincial programs relating to manpower training, and (2) to assess manpower needs, recommend training plans and priorities, assess training results, and recommend improvements. Each manpower needs committee functions in its own province, and there is no co-ordinating mechanism to assess or compare the efficiency of the needs committee in one province with that of the other provinces, and no method of comparing the quality of the training provided by the various provinces in any particular course.

There was some evidence placed before the committee to indicate that while adhering to the letter of the agreement, provinces do not always carry out its spirit, and the money provided by the federal government is not always used to the best advantage. For example, there was evidence that some provinces used the money to bolster classes where they would otherwise have to lay off teachers, with the result that workers were trained in courses for which there was little demand and in which few vacancies existed.

Another feature of this arrangement is that the provincial government determines which institution will provide the courses being purchased. In some cases, for provincial reasons, the course is not always given in the institution best qualified to provide it, and the worker has no freedom of choice as to which institution he attends.

Provincial regulations also sometimes militate against getting the best value for the training dollar. I remember visiting a classroom where a number of students were taking up-grading academic courses under the Canada Manpower training program. As I went from one desk to the other taking a look at what the students were doing, I came across two young girls struggling with algebra. I asked them why they were taking algebra, and they both said that the provincial regulations required them to take the subject in order to qualify for the Grade X certificate which was necessary for them to enter the course they wished to take. I inquired about the courses they were interested in, and one said she wanted to become a typist and the other a beautician. Another young man who wanted to be a barber was struggling with geometry in order to be admitted to the course. In order to comply with provincial regulations these workers were required to use up time, which could be more usefully spent in other ways, while at the same time taking a course at federal expense which was not related to the skills they were seeking and of no use to them after they had completed it.

In 1971, when the Senate Special Committee on Poverty was travelling around the country holding hearings, we came across a number of action-research programs sponsored by the Department of Manpower under the name of Canada New-Start Programs. Their purpose was to develop and test new approaches to education and training, particularly among the disadvantaged. I particularly remember the NewStart Program at Prince Albert because, as far as I know, it was the only piece of educational research that has been carried out in Canada. The purpose of the research was to determine why some people fail and others succeed, and they discovered that to be successful in a job the person must have a balance between two different types of skills. One type they called marketable skills, such as a trade, vocation or profession, and the other they called problem-solving skills which included the ability to adjust, adapt and get along with others. They found that neither set of skills in the absence of the other could insure success. Based on these discoveries they were able to develop methods of teaching various subjects which enabled the student to complete a particular course in about one-third of the time required by conventional classroom methods.

The provision of marketable skills is, of course, the purpose and responsibility of the manpower training program, but the development of problem-solving skills and time-saving methods is the responsibility of the educational systems of the various provinces. Although this defect in our educational system was discovered five years ago, as far as I know no province has done anything about it. Since the research which resulted in this discovery was financed by federal funds through a Canada Manpower program, the Manpower Division could effect considerable savings by including clauses in its agreements which would require the provinces to modify the entry qualifications for certain courses, and to use the most time-saving methods available.

There was some evidence to indicate that industrial on-the-job training provided better value for the dollars spent than institutional training, and at the same time provided more job stability. However, in 1974-1975 only 17.1 per cent of the trainees were in this category. It is my hope that this industrial training will increase as time goes on, and I would urge the department to explore the possibility of having industry provide academic courses as well.

This report has been well received by the minister, the departmental officials, the press and the public at large, and I strongly commend it to honourable senators.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this inquiry is considered as having been debated.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Senator Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, November 16, 1976, at 8 o'clock in the evening.

Before the question is put, I think the Senate is entitled to a word of explanation. The reason for my moving this motion at this time is two-fold. First, since the debate on the Throne Speech was concluded last evening, and since our expectations of receiving legislation either directly or through the House of Commons have not materialized so far, the Senate is left with no work to do. This applies not only to tomorrow, but also to the week immediately ahead.

Secondly, next week we commemorate Armistice Day which, as we all know, is an official holiday on which Parliament does not sit. On this occasion honourable senators, and particularly those who are veterans—and there are many in this house—have to absent themselves from Ottawa to participate in very important functions in their respective provinces and senatorial districts.

For these reasons I think an adjournment of the Senate until November 16 is justified.

I also wish to inform the house that this proposed adjournment will not interfere with or affect the meetings of committees already scheduled and advertised. However, I wish to remind honourable senators who are committee chairmen of the wording of rule 76, which provides that when the adjournment is for more than one week permission must be obtained from the Senate to sit during the time the Senate is adjourned. I understand that the Foreign Affairs Committee, which has a meeting scheduled for tomorrow, already has power to sit when the Senate is not sitting. On the other hand, I am told that the National Finance Committee and the Standing Joint Committee on Regulations and other Statutory Instruments do not possess that power at present. It is my intention, therefore, if the present motion is adopted, to seek leave to move that those two committees be given power to meet.

Senator Laird: And the Internal Economy Committee as well, please.

• (1630)

Senator Langlois: Yes, that committee will be added to the list.

Senator Forsey: Honourable senators, may I say in relation to what the deputy leader has said that there is a little more involved in the case of the Joint Committee on Regulations and other Statutory Instruments than simply the power to sit while the Senate is adjourned or during the sittings of the Senate. There is also the fact that we often have great difficulty getting a quorum on that committee. I am advised by the clerk of the committee that we must have at least four senators there, unless we get permission from the Senate to adopt the motion we had last year reducing the total quorum both for senators and members of the House of Commons to seven for the transaction of business, votes and that sort of thing, and to five for the hearing of evidence, in each case provided both houses are represented.

Ordinarily there would have been a first report on this tomorrow—and I have the text of the one from last session—but when I heard we were to have an adjournment for this length of time and knew that we had already scheduled a meeting for next Tuesday on the assumption, of course, that both houses would be sitting, and that a report analogous to this would be going to the House of Commons tomorrow, I immediately consulted the Leader of the Government on the subject, and he very kindly consulted the Leader of the Opposition while I was trying to find the proper text of the motion. If we are going to have that meeting at all and be able to transact any business, it will be necessary for us to have not only permission to sit while the Senate is adjourned but also permission to reduce the quorum in the way that I have described. So if the deputy leader would be kind enough to include that in his motion, it would greatly facilitate the transaction of very urgent business in our committee.

Senator Langlois: Honourable senators, I have no objection to moving such a motion, but it was my understanding that the honourable senator would do just that when, a while ago, he intimated he wished leave to speak. If he wishes to do so, he can move the motion himself, but I am prepared to do it if he prefers.

Senator Forsey: I understood you would prefer to do so yourself. I am prepared to present the first report, although I have not got the typewritten text at this time.

Senator Flynn: We will give you a signal.

Senator Forsey: I beg your pardon?

Senator Flynn: We will tell you when you can do it.

Senator Forsey: Thank you.

Senator Flynn: Honourable senators, I have no objection to the motion. I think it is the normal thing to do under the circumstances, but would the Leader of the Government tell us if there is any likelihood of legislation reaching us, or being initiated here, when we return on November 16?

Senator Perrault: There is every hope and expectation that there will be measures for consideration by this chamber on November 16. Indeed, a substantial legislative schedule has been established by the government for the period prior to Christmas, and the time of senators will be fully occupied.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF STANDING JOINT COMMITTEE ADOPTED

Leave having been given to revert to Reports of Committees:

Senator Forsey, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and Other Statutory Instruments, presented the first report of the committee as follows:

> Your Committee recommends that its quorum be fixed at seven (7) members, provided that both houses are represented, whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings and receive evidence so long as five (5) members are present, provided that both houses are represented;
>
> That the committee have power to engage the services of such expert staff and such stenographic and clerical staff as may be required; and
>
> Your committee further recommends that it be empowered to sit during sittings and adjournments of the Senate.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Forsey moved that the report be adopted now.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION NATIONAL FINANCE

COMMITTEES AUTHORIZED TO MEET DURING ADJOURNMENTS OF THE SENATE

Leave having been given to revert to Notices of Motions:

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the Standing Committee on Internal Economy, Budgets and Administration and the Standing Senate Committee on National Finance have power to sit during adjournments of the Senate.

Motion agreed to.

The Senate adjourned until Tuesday, November 16, at 8 p.m.

THE SENATE

Tuesday, November 16, 1976

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

THE HONOURABLE J. E. LEFRANÇOIS

TRIBUTE ON RESIGNATION FROM THE SENATE

Hon. Léopold Langlois: Honourable senators, I wish to advise the Senate that our colleague, Senator J. Eugène Lefrançois has resigned from his seat as representative of Repentigny.

Senator Lefrançois has been in failing health for some time but he continued his faithful attendance in the chamber and at the sittings of parliamentary committees even though it may at times have been very difficult for him.

It was an attack he suffered here after the sitting on Thursday, October 28 that necessitated his confinement to hospital and hastened his decision to resign from the Senate.

Senator Lefrançois was born, educated and has lived all his life in Montreal, a city he loves.

An industrialist, he has been administrator of "La société des artisans" and President of La Caisse Populaire of St. Stanislas. He has always been deeply interested in politics, devoting himself with overflowing enthusiasm. In 1936, he ran but was unfortunately defeated as a candidate for the provincial legislature.

He was elected to the House of Commons in a by-election held on October 24, 1949 and re-elected in 1953.

On April 25, 1957, he was summoned as a representative of Repentigny to the Senate, where he devoted himself until he was struck by illness a few weeks ago. His departure is a considerable loss indeed to all of us in the Senate where he always assumed his responsibilities with readiness and dignity.

Both in this chamber and in the committees of which he was a member, Senator Lefrançois has been an industrious and sincere public servant. He has served his country and his province well.

I feel that I speak for all the members of this house when I say that we hope most sincerely that his health will improve and that he will be able to enjoy fully his well-earned retirement from an active and productive public life.

Hon. Jacques Flynn: Honourable senators, it is with great pleasure that I join the government deputy leader to pay tribute to Senator J.-Eugène Lefrançois, who decided to resign from the Senate for health reasons.

Senator Lefrançois was a most pleasant colleague, very conciliating, with a very objective outlook, I would say, of the business of the country and of his province. Personally, and I think all honourable members of this house will agree with me, I can only commend the relationships I have had with him.

As Senator Langlois pointed out, he has had a very interesting and very fruitful political career, having been in the other place and here since 1949, that is for 27 years. He also enjoyed an excellent and rewarding career in the business world.

Like Senator Langlois, I hope his health will improve and I also share the view that he well deserves many years of happy retirement. I hope that it will be so.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Macquarrie and Andres (Lincoln) had been substituted for those of Messrs. Baldwin and Reid; that the name of Mr. Baldwin had been substituted for that of Mr. Balfour; and that the name of Mr. Balfour had been substituted for that of Mr. Macquarrie on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Poulin had been substituted for that of Miss Bégin on the list of members appointed to serve on the Standing Joint Committee on the Restaurant of Parliament.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of Joint Communiqué issued by the Prime Minister of Japan and the Prime Minister of Canada on October 26, 1976, in Tokyo.

Copies of Cultural Agreement between Canada and Japan, and copies of Notes exchanged between the Governments of Canada and Japan to confirm the understanding reached between the representatives of the Government of Canada and of the Government of Japan. Done at Tokyo, October 26, 1976.

Copies of document "Framework for Economic Cooperation," signed by the Prime Minister of Canada and the Prime Minister of Japan in Tokyo, October 21, 1976.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act certain proposed changes in compensation plans, as follows:

1. The Township of Dummer, Warsaw, Ontario, and the employees in the Executive Group and the Road Employees Group, dated November 1, 1976.

2. Texaco Canada Limited and their employees represented by the Fuel, Bus, Limousine, Petroleum Drivers and Allied Employees, Local Union No. 352, dated November 1, 1976.

Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise and Taxation for the fiscal year ended March 31, 1976, pursuant to section 5 of the Department of National Revenue Act, Chapter N-15, R.S.C., 1970.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans between employers and employees, as follows:

1. The Hydro Electric Commission of the Borough of Etobicoke and the group of its employees which are represented by the International Brotherhood of Electrical Workers, Local 636. Order dated October 27, 1976.

2. Keeprite Products Limited, Unifin Division, and the group of its employees as represented by the United Automobile, Aerospace, Agricultural Implement Workers of America, Local 27. Order dated October 27, 1976.

3. The Edmonton Public School Board and the group of its employees represented by The Canadian Union of Public Employees, Local 784. Order dated October 28, 1976.

4. The Transcona-Springfield School Division No. 12, Transcona, Manitoba, and its group of employees constituted of part-time bus drivers, full-time utility drivers and full-time driver mechanics as represented by The Transcona-Springfield Bus Drivers Association. Order dated October 28, 1976.

5. The Blue Water Rest Home, Zurich, Ontario, and the group of its employees represented by Local 210 of the Service Employees Union. Order dated November 4, 1976.

6. The Oxford County Board of Education, Woodstock, Ontario, and the group of its executive personnel. Order dated November 4, 1976.

Report on the administration of the Canada Assistance Plan for the fiscal year ended March 31, 1975, pursuant to section 19, Chapter C-1, R.S.C., 1970.

Report on Vocational Rehabilitation for the fiscal year ended March 31, 1976, pursuant to section 8 of the Vocational Rehabilitation of Disabled Persons Act, Chapter V-7, R.S.C., 1970.

Copies of press releases by the U.S. State Department, dated November 4, 1976, and the Canadian Department of External Affairs, dated November 2, 1976, respecting an order in council that the government proposes to promulgate, to extend the fisheries limits of Canada to 200 miles.

Copies of the National Energy Board Report to the Governor in Council, dated September 1976, in the Matter of an Application under The National Energy Board Act of Quebec Hydro-Electric Commission.

Report of the Roosevelt Campobello International Park Commission, together with its financial statements certified by the Auditor General, for the year ended December 31, 1975, pursuant to section 7 of the Roosevelt Campobello International Park Commission Act, Chapter 19, Statutes of Canada, 1964-65.

Report on the activities of the Food and Agriculture Organization (FAO) for the fiscal year 1975-76, pursuant to section 3 of the Food and Agriculture Organization of the United Nations Act, Chapter F-26, R.S.C., 1970.

Auditor General's report to the Solicitor General on the examination of the accounts and financial statement of the Royal Canadian Mounted Police (Dependants) Pension Fund for the fiscal year ended March 31, 1976, pursuant to section 55(4) of the Royal Canadian Mounted Police Pension Continuation Act, Chapter R-10, R.S.C., 1970.

Copies of report to the Minister of National Health and Welfare from the Canada Pension Plan Advisory Committee on the Funding Principles of the said Plan, dated May 1976.

Supplementary Estimates (B) for the fiscal year ending March 31, 1977.

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 20 of the Canadian Film Development Corporation Act, Chapter C-8, R.S.C., 1970.

Copies of Note addressed to the United States Department of State referring to the ongoing consultations between the Governments of Canada and the United States of America on the subject of the Garrison Diversion Unit under construction in the State of North Dakota, issued by the Secretary of State for External Affairs on November 15, 1976.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—REPORT OF COMMITTEE EXPENSES TABLED

Senator Forsey, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, which was authorized by the Senate on October 29, 1974, to incur special expenses in connection with its permanent reference relating to the review and scrutiny of statutory instruments, tabled, pursuant to rule 84, a report of the special expenses.

He said: I might perhaps add that, when honourable senators look at this, if they are alarmed by the figures, they should remember that only 30 per cent of the cost is borne by the Senate.

AGRICULTURE

REPORT OF COMMITTEE EXPENSES TABLED

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, which was authorized by the Senate on October 29, 1974, to examine from time to time any aspect of the agricultural industry in Canada and to incur special expenses in connection with any such examination, tabled, pursuant to rule 84, a report of the said expenses.

● (2010)

REPORT OF COMMITTEE ON KENT COUNTY, NEW BRUNSWICK, TABLED

Senator Argue: Honourable senators, I have the honour to table a report entitled, "Kent County Can Be Saved," a study into the agricultural potential of eastern New Brunswick of the Standing Senate Committee on Agriculture, which was appointed in the last session of Parliament and authorized in that session, without special reference by the Senate, to examine from time to time any aspect of the agricultural industry in Canada.

It has taken the committee a long time to bring this report forward. We think it is an excellent report, and we hope to follow it up by further visits to Kent County. It is my pleasure to table it at this time.

CANADIAN ARMED FORCES

INTERNATIONAL PEACEKEEPING—NOTICE OF INQUIRY

Senator Desruisseaux: Honourable senators, I give notice that on Thursday next, November 18, I will inquire of the government:

1. Where, outside of Canada, are Canadian Armed Forces participating in the maintenance of peace and security?

2. What is the size of the force in each case?

3. On whose invitation, at what cost per annum and for how long have Canadian Armed Forces been participating in each case?

4. What amounts, if any, with respect to these forces are unpaid or overdue and for what years?

5. What are the government's intentions for the coming year with respect to the participating forces in cases where there are unpaid or overdue amounts owing to Canada?

INCOME TAX

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY LEGISLATION

Senator Hayden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the subject matter of the Bill C-22, intituled: "An Act to amend the statute law relating to income tax," in advance of the said bill coming before the Senate, or any matter relating thereto; and
>
> That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purposes of the said examination.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Senator Flynn: Honourable senators, I think this motion requires some explanation, at least for the record.

Senator Hayden: Yes. Honourable senators, I should tell you that the amendments to the Income Tax Act consist of 87 clauses covering 112 pages. Some of them are clarification which may be beneficial; some of them are clarification which may not be beneficial; some of them really represent the enactment of some substantive law. We know from previous experience that the intention of the government, as I think we can fairly conclude in this case, is that before the end of the year this bill should pass into law, either in the form in which it stands at present or as it may be amended. Therefore, in view of the complications that exist in any examination of income tax amendments, we should begin this study as quickly as possible so that we will not run into that horrible thing called "Christmas closure."

Senator Flynn: Honourable senators, the last words of Senator Hayden may be wishful thinking, but I agree that generally speaking his committee is doing a good job in matters of income tax, and that it is a good thing for this committee to look into the several amendments which are proposed to the Income Tax Act by this bill, since, as I have said before, it is easier for the House of Commons, and the government especially, to accept amendments before the legislation reaches us, in view of the fact that there is some pride involved. Very often we have to do our job by the back door, which is one way of doing it, and as we are not as proud as all that we are willing to do our job in this way if we cannot do it in any other.

I was wondering if there was any problem of conflict of interest with regard to these amendments to the Income Tax Act.

Senator Hayden: Honourable senators, I assume that the Leader of the Opposition asked a serious question, and I would like to answer it in the same vein. Income tax is a common infliction visited on every resident of Canada to a greater or lesser degree, and how you can have a possible conflict of interest in those circumstances is difficult for me to conceive. However, I would expect that if the question is raised in committee it will be seriously considered.

Senator Flynn: I was just wondering if any member of the committee would have a direct pecuniary interest.

Senator Argue: Or an *ex officio* member, for that matter.

Motion agreed to.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Buckwold, Desruisseaux, Hays, Manning and Molson be removed from the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce; and

That the names of the Honourable Senators Cottreau and McNamara be added to the list of senators serving on the said committee.

Motion agreed to.

● (2020)

PROTECTION OF BORROWERS AND DEPOSITORS

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY LEGISLATION

Senator Hayden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the subject matter of the Bill C-16, intituled: "An Act to provide for the protection of borrowers and depositors, to regulate interest on judgment debts, to repeal the Interest Act, the Pawnbrokers Act and the Small Loans Act and to amend certain other statutes in consequence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purposes of the said examination.

Senator Flynn: Explain.

Senator Hayden: Honourable senators, it has appeared in discussions in what might be called official places that it is desired that this bill should be brought forward as quickly as possible, and it is a complicated bill. To date our committee, that is the Standing Committee on Banking, Trade and Commerce, has received quite a number of submissions in anticipation of the bill's coming to our committee. In these circumstances it is the feeling of the committee that we should start a study of the bill as quickly as possible. I am sure the Leader of the Opposition will understand this reference. The advantage in making an advance study of the bill is that if, in the view of the committee, and subsequently in the view of the Senate by reason of a report from the committee, there are some changes which may improve the bill they can be brought to the attention of the committee of the Commons at as early a date as possible. It has been indicated that this bill is to be referred to the Health and Welfare Committee of the Commons.

Senator Flynn: Did you say Health and Welfare?

Senator Hayden: Yes, the Health and Welfare Committee. This subject matter is properly referable to the Standing Senate Committee on Banking, Trade and Commerce under rule 67(1)(k). Therefore, in the interests of dispatch, and at the same time allowing full consideration of the subject matter of the bill, I have moved this motion tonight.

Senator Flynn: Honourable senators, I think the remarks I made previously would apply to this motion. Of course, if we had the same outlook as the House of Commons with respect to health and welfare, then this is a committee on which Senator Croll should sit.

Senator Croll: Hear, hear. It would improve it some.

Senator Flynn: On the other hand, while I agree that this legislation is very important, the question of conflict of interest arises again. It concerns borrowers and lenders, and I think we are all in that category. I wonder if any one of us is qualified to sit on a committee which would deal with it.

Senator Langlois: Mostly borrowers.

Motion agreed to.

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (B) laid before Parliament for the fiscal year ending the 31st March, 1977.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on

Wednesday, 24th November, 1976, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO EXAMINE ANY ASPECT OF AGRICULTURAL INDUSTRY

Senator Argue: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Agriculture be empowered, without special reference by the Senate, to examine from time to time any aspect of the agricultural industry in Canada; provided that all senators shall be notified of any scheduled meeting of the committee and the purpose thereof and that the committee report the result of any such examination to the Senate;

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purposes of such examination;

That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place for the purposes of any such examination; and

That the committee have power to sit during adjournments of the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Langlois: Explain.

Senator Argue: Honourable senators, our committee has had this type of term of reference for a number of years now. It had it during the last session, when it continued its inquiry into Kent County. We have a number of items with which we wish to proceed quite quickly. One is the conclusion of the crop insurance study which we have had on hand for some time. The members of the committee feel that we should not be satisfied merely with having concluded our report on Kent County, but that it is advisable to follow it up and for a subcommittee and probably, later, the main committee to make a trip to New Brunswick, perhaps to Moncton and Fredericton, to ascertain what progress is being made toward fulfilling the recommendations of the committee. Therefore, we have a very busy schedule in mind and we would ask the Senate for this authority to proceed.

Senator Flynn: When you say that you wish to return and see whether some of your recommendations have been implemented, have you been made aware of any decision by the government to look into this and act upon your recommendations?

Senator Argue: No, we have not. Two governments would be involved, of course, the Government of Canada and the Government of New Brunswick. We wish to act in a responsible way and have a subcommittee make this type of inquiry of the government here initially. We also wish to make inquiries of the Government of New Brunswick and organizations which should be involved, in the hope that some progress may be made along these lines.

• (2030)

Senator Flynn: If my understanding is correct, you have had no indication, either from the provincial government or the federal government, that any decision has been taken with regard to the recommendations of your committee. If you want to know what is the state of affairs, I suppose the telephone might be as good a way to find out as any visit.

Senator Argue: I do not think so. We were hoping to do some public relations work, and to influence people to proceed along these lines. We have had some contact with local organizations—at least, Senator Michaud has, and he is more of an authority on this than I am. It was the unanimous decision of the committee, believing it to be responsible, to do what it could to follow up the report so that it would not be just another report left to gather dust and be forgotten.

Senator Flynn: I wonder if Senator Michaud, as deputy chairman of the committee, might be able to add something to what has already been said. Apparently he is the expert and not Senator Argue.

Senator Langlois: We have two experts.

Motion agreed to.

NATIONAL BALLET OF CANADA

TWENTY-FIFTH ANNIVERSARY

Hon. John Morrow Godfrey: Honourable senators, before the Orders of the Day are called, I would ask leave to make some remarks about the National Ballet of Canada, which has just celebrated its twenty-fifth anniversary.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Godfrey: Honourable senators, last Friday, November 12, at the O'Keefe Centre in Toronto, to a packed and enthusiastic audience, the National Ballet of Canada opened its fall season in Toronto with a magnificent performance of Romeo and Juliet with that great prima ballerina, long a mainstay of the company, Veronica Tennant, dancing the role of Juliet in a superb performance which I venture to say could not have been bettered by any other ballerina in the world. Frank Augustyn, one of the younger dancers, gave a magnificent performance as Romeo, as did that other long-standing mainstay of the company, Hazaros Surmeyan as Tybalt.

The evening, however, belonged to that grande dame of ballet in Canada, Celia Franca, who came out of retirement to dance and, when she was on, to dominate the stage as Lady Capulet. That performance and all the memories it evoked

inspired me to make these remarks tonight to honour the company and its founder.

By coincidence the opening of the season was the exact twenty-fifth anniversary of the first performance of the company at the Eaton Auditorium on November 12, 1951, when they performed the Dance of Salome, with Celia Franca dancing the lead and George Crum conducting, as he did last Friday. As everyone knows, the National Ballet was Celia Franca. Without her artistic standards, ability, energy, guts and sheer unmitigated gall the company would never have survived, nor would it have reached its present stature as one of the great international ballet companies.

Celia was also a teacher of the dance, and her interest in this led her to found, with Betty Oliphant, that great teacher and visionary, the National Ballet School. Betty Oliphant believed that dancers should be properly educated as well as know how to dance, so that the school lays great emphasis on the academic side and has produced many well-educated dancers for the company including, as well as Veronica Tennant and Frank Augustyn, those other great stars, Karen Kain, Vanessa Harwood and Nadia Potts. While I am mentioning names, I recall two other stars of yesteryear who will always be remembered affectionately by ballet fans—the enchanting Lois Smith, the company's first great prima ballerina, and Earl Kraul, the leading male dancer for so many years.

At the gala twenty-fifth anniversary performance, Celia was suitably honoured, and the press in the last week has been filled with tributes to her. I do not wish to be repetitive. She has been heaped with many honours over the years, such as LL.D.s, the Order of Canada and a Molson Award. I think it should suffice if I say that I agree one hundred per cent with all the good and nice things that have been said about her.

I got quite a chuckle out of a story on her by Mordecai Richler in last week's *Canadian* where, speaking of the company's twenty-fifth anniversary, Celia is quoted as saying to Richler, "Why should I go out and dance there in front of all my enemies?" Celia has certainly not lost any of her fire or combativeness over the years. Eddie Goodman is quoted in the same article as saying, when he was president, "I took my orders from Celia," and essentially so did everyone else who was president because we all had confidence in Celia.

When Celia talked about her enemies to Richler there was no doubt that for some time she included me amongst that by no means select group. I have got the impression in the last several years that Celia's attitude to me is mellowing, but that may only be the conceit of advancing years. I might say also that an enemy to Celia was someone who might happen to disagree with her about any detail of how the ballet should be run. I am sure that, like me, they never considered themselves as her enemy.

If I may be forgiven a personal reminiscence, I recall my first meeting with Celia after I became president in 1967. The ballet was $200,000 in debt, which had been accumulated over the first 16 years of its existence, despite yearly fund-raising drives, a highly profitable shop "Paper Things" run by volunteers from the women's committee, and the generosity of R. A. Laidlaw, that "prima" benefactor of so many good causes, including the Sick Children's Hospital, and known affectionately to everyone connected with the ballet as Bobby, who, between the company and the school, was always good for at least $40,000 each year. To digress for a minute, I can remember when Bobby Laidlaw was so incensed at an unfavourable review appearing in the papers that he sent the company a cheque for $10,000 the next day as a tangible expression of how much he disagreed with the critic.

In that first meeting with Celia, attended also by the president of the Women's Committee, I told her that, although I had been a ballet fan since first seeing the Sadler's Wells Ballet with Margot Fonteyn perform in Toronto several years after the war, I was not knowledgeable about ballet and certainly knew nothing about running a company and would leave everything entirely up to her. The only thing I would do would be to tell her at the beginning of each year how much money she had to play with, and she had to determine what she would do with it. In view of the precarious financial position of the company, as evidenced by the $200,000 debt, I also told her that I would have to insist that she stick to the budget.

I remember how startled I was when Celia, in a voice that can only be described as emphatic, said that I was being very unfair. It was explained to me after the meeting by one of the good ladies present that that was not how the ballet operated under Celia. She decided how much money was to be spent, and then told the president and directors to go out and get it. If they were not able to and the company plunged further into debt, they were the object of her scorn and the resulting financial difficulties were their fault, not hers.

To show how innocent I was, I was not deterred and boldly pursued my plan to keep Celia in check. I can only report that I was out-manoeuvred at every turn and soundly trounced by Celia. To teach me a lesson, Celia dramatically resigned at the annual meeting after my first year of office because I had the audacity to say in public at the meeting what I had said privately to her, namely, that the artistic director had to stick to her budget. The press and artistic community rose unanimously to Celia's support, and I was depicted as a hard-nosed Philistine who was trying to wreck gentle Celia's company by not permitting them to spend the money they needed.

Senator Flynn: Not the first time!

Senator Godfrey: As a matter of fact, the adverse reaction in the media was about the equivalent of what one would expect if one had the temerity to call some hockey star a hooligan. Aided by some understanding and wise intermediaries, a truce was soon negotiated between Celia and me and she returned to her post.

As a result of all my earnest efforts and my absolute insistence that the ballet be run on a business-like basis, I was able to report at the end of my two-year term of office that the ballet, instead of being $200,000 in debt, was then $400,000 in the red. In other words, in the two years of my presidency the

debt had increased by an amount equal to the debt that had been accumulated over the 16 years under the presidencies of Tony Griffin, Arthur Gelber, Guy Simmons, Tony Cassels and other presidents who preceded me.

● (2040)

It was with a guilty conscience that I handed over the reins of office to my successor, because I was certain in my own mind that the days of the ballet company as we knew it were numbered and because it did seem unfair that the drastic retrenchment which would so affect its high standards would have to come under my successor as president, that sympathetic and dedicated man Lyman Henderson.

Now, there were various people and organizations over the years who saved the ballet at times of financial crisis. I have mentioned Bobby Laidlaw who died just a few months ago. The Canada Council and the Ontario Arts Council arrived on the scene in the nick of time. The City of Toronto provided the magnificently restored St. Lawrence Hall at a nominal rental as well as giving an annual subsidy. And the Bank of Montreal also helped. I don't think our chartered banks get the recognition that is their due as being most generous financial supporters of all worthy causes. The Bank of Montreal saved the company on many an occasion by loans that were never justified on any prudent credit-rating basis.

The person who really saved the ballet several months after I retired from the presidency was John Robarts, then Premier of Ontario. The Toronto Symphony, the Canadian Opera Company and the Stratford Shakesperian Festival were likewise all in deep financial trouble with unmanageable debts. John Robarts was understanding and decided they should be saved, with the result that the Government of Ontario agreed to pay off approximately 55 per cent of their debts. The Canada Council had previously agreed that they would match dollar for dollar any money raised by these companies to pay off their debt. The result was that, presto, the ballet and those other major companies were debt-free, so that they were then able to start all over again to accumulate more debt.

It is easy now to see with 20-20 hindsight that Celia was right in plunging ahead to maintain and improve the high standards of the company, in the complete faith that somehow the financial difficulties would be taken care of. It is the Celia Francas of this world who accomplish great things, not the cautious, pragmatic, timid types like myself.

Now, having admitted that, as things turned out, Celia was absolutely right and I was wrong, I think I am entitled to say a few words in my defence. While the Celias are the ones who will go down in history and will be remembered and honoured, I should remind honourable senators that they don't always get away with it. On the best evidence available at the time, I was right in trying to keep expenditures under more control. The fact that I was like a babe in the woods, and no match for Celia in trying to keep the debt down, turned out for the best in the end. There was a little bit of luck involved on Celia's part—she did not have a pipeline into John Robarts' mind and she did not know the Government of Ontario would come to the rescue; she just had faith that something like that must happen. However, there are many cases where companies in the performing arts have gone belly up, or have had to drastically curtail their activities, because they accumulated an unmanageable debt. An example of the first is the Feux Follets, and the second is the Canadian Opera Company which ran up another debt of $700,000 with the result that they had to cut their Toronto season this fall. Officers and boards of directors of artistic companies must keep some kind of rein on their artistic directors because they just cannot expect miracles to happen all the time.

So, while I cheerfully admit Celia deserves full credit for winning her battle against me, I have no apologies to make.

I might also say in closing that when I became chairman of the Finance Committee of the Liberal Party of Canada and was doing battle with campaign managers over their budgets and insisting that they stick to them, my secretary asked me if I had not noticed a similarity between campaign managers of political parties at election time, and a certain artistic director of a ballet company. I replied that of course I had. My previous experience helped me greatly so that it was like child's play controlling them compared to trying to control the indomitable Celia, with the result that I can take a bit of the credit for the fact that the federal Liberal Party is today not only debt-free but actually has a surplus. Possibly it should be made mandatory that before anyone is considered for the position of chairman of the finance committee of a political party he, or she, I hasten to add, should receive an initial training and baptism of fire as president of a performing arts company.

Senator Greene: Will the honourable senator permit a question, and may I preface it by commending him on his very fine report? It has moved me to the extent that I think we might expand the order of business of the Senate, if the committee in charge of these things sees fit to do so, to include an item called "ballet-hoo."

Might I ask the honourable senator whether, in the light of these great accomplishments, he would not deem it beneficial to move these great artists from the National Ballet into the backfield of the Toronto Argonauts to take the place of Anthony Davis and company who, in a lesser but perhaps more popular form of culture, have not been so successful?

Senator Godfrey: In reply to the question, honourable senators, I think that statistics will show that there are more people who follow the performing arts such as the ballet than attend football games in Canada.

Senator Flynn: Honourable senators, on a point of order, I wonder if the speech made by Senator Godfrey was an inquiry without previous notice. In any event, if no other senator wishes to speak on this topic I would suggest that Madam Speaker declare that the matter has been debated.

Senator Godfrey: I was advised that there was no other item on the order paper tonight, and that it would be an appropriate time to make these comments.

The Hon. the Speaker: Since no other honourable senator wishes to take part in this debate, I declare the inquiry debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 17, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Reports of Permits issued under the authority of the Minister of Manpower and Immigration for the years ended December 31, 1974 and 1975, pursuant to section 8(5) of the Immigration Act, Chapter I-2, R.S.C., 1970.

BANKING, TRADE AND COMMERCE

REPORT OF COMMITTEE EXPENSES TABLED

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, tabled, pursuant to rule 84, a report of the special expenses incurred by the committee in connection with an authorization given in the First Session of the Thirtieth Parliament:

To examine and report upon any bill relating to competition in Canada or to the Combines Investigation Act, in advance of the said bill coming before the Senate or any matter relating thereto, with power to incur special expenses in relation thereto; to examine and consider any bill based on the Budget Resolutions relating to income tax in advance of any such bill coming before the Senate or any matter relating thereto, with power to incur special expenses in relation thereto; to examine and report upon the subject matter of the Bill C-60, intituled: "An Act respecting bankruptcy and insolvency," in advance of the said bill coming before the Senate, or any matter relating thereto, with power to incur special expenses in relation thereto; to examine and report upon the subject matter of the Bill C-73, intituled: "An Act to provide for the restraint of profit margins, prices, dividends and compensation in Canada," in advance of the said bill coming before the Senate or any matter relating thereto, with power to incur special expenses in relation thereto; and to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

EMPLOYER-EMPLOYEE RELATIONS IN THE PUBLIC SERVICE

SPECIAL JOINT COMMITTEE—REPORT OF COMMITTEE EXPENSES TABLED

Senator Buckwold, former Joint Chairman of the Special Joint Committee of the Senate and the House of Commons on Employer-Employee Relations in the Public Service of Canada, which was authorized by the Senate on October 24, 1974, and on November 14, 1974, to consider and make recommendations upon Parts I, II and III of the paper entitled "Employer-Employee Relations in the Public Service of Canada," and to incur special expenses in relation thereto, tabled, pursuant to rule 84, a report of the said expenses.

SCIENCE POLICY

REPORT OF COMMITTEE EXPENSES TABLED

Senator Lamontagne, former Chairman of the Special Committee of the Senate on Science Policy, which was appointed on November 21, 1974, in the First Session of the Thirtieth Parliament, to organize and hold a Conference for the purpose of determining the feasibility of establishing a Commission on the Future, with power to incur special expenses in connection therewith; and authorized by the Senate on July 24, 1975, to consider and report on Canadian Government and other expenditures on scientific activities and matters related thereto, with power to incur special expenses in connection therewith, tabled, pursuant to rule 84, a report of the special expenses.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE EXPENSES TABLED

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, which was authorized by the Senate on February 13, 1975, to incur special expenses in connection with its examination of Bill S-19, intituled "An Act to amend the Food and Drugs Act, the Narcotic Control Act and the Criminal Code," tabled, pursuant to rule 84, a report of the said expenses.

He said: For the benefit of honourable senators who are interested in restraint in public expenditures, I will draw their attention to the fact that the expenses incurred amounted to less than $1,000.

Hon. Senators: Hear, hear.

Senator Flynn: I hope we have had our money's worth.

Senator Argue: What! No printing?

SCIENCE POLICY

APPOINTMENT OF SPECIAL COMMITTEE OF THE SENATE—NOTICE OF MOTION

Senator Lamontagne: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(d), I give notice that tomorrow, November 18, I will move that a Special Committee of the Senate—perhaps I could be permitted to dispense with this, because it is just the same as the motion which was approved during the last session.

Senator Flynn: We have not that long a memory.

Senator Lamontagne: Very well. I will move:

> That a special committee of the Senate, to be known as the Special Committee of the Senate on Science Policy, be appointed to consider and report on Canadian government and other expenditures on scientific activities and matters related thereto;
>
> That the committee have power to engage the services of such counsel and clerical personnel as may be necessary for the purpose of the inquiry;
>
> That the committee have power to send for persons, papers and records, to sit during adjournments of the Senate and to report from time to time; and
>
> That the committee be authorized to print such papers and evidence from day to day as may be ordered by the committee.

Senator Flynn: That is quite comprehensive, isn't it?

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

NATIONAL UNITY

PROPOSED COMMITTEE ON REGIONAL INTERESTS—QUESTION

Senator Asselin: Honourable senators, I should like to put a question to the Leader of the Government. On October 14, 1976, on page 25 of the *Debates of the Senate,* the Leader of the Government, in a statement, said this, and I quote:

> I think the Senate should remind itself of one of its great historical functions, which is to represent regional interests of Canadians here at the heart of government. Consideration should be given to a Senate committee on regional aspirations to meet Canadians in many of the small towns and villages and other population centres in the regions of Canada, and to prepare a report for the Canadian people and for our colleagues in Parliament—a report relating to the hopes, aspirations and problems of the Canadian people. I believe that would be a contribution to solidifying national unity, reconciliation and understanding. As I say, I hope we can have some useful discussions on this point in the next few days.

In view of the results of the Quebec provincial election of which we were informed on November 15, does the Leader of the Government still intend to set up that committee? If so, could he tell the Senate what its functions and responsibilities would be, and does he intend as well to bring forward a motion for its creation?

[*English*]

Senator Perrault: Honourable senators, I appreciate the inquiry of the distinguished senator. It is the intention to move ahead with this proposal, in consultation with the opposition in this chamber. To be frank, however, our ranks are reduced by some 19 members at this time. It is hoped that there will be some appointments to this chamber in the near future. A recommendation has gone forward from myself, as Leader of the Government in the Senate, to the effect that we need some additional Senate appointments, including a strengthened opposition—

Senator Greene: In quality.

Senator Perrault: —in the Senate. The Senate needs to be strengthened by increasing the ranks of both the official opposition in the Senate as well other sectors. A recommendation to that effect has gone forward, and I am hopeful that we will have some appointments shortly.

The question of adding to the ranks in the Senate is a matter of some critical importance. We are having a great deal of difficulty in staffing the various committees of the Senate. The fact that our numbers are reduced so severely has become a serious problem.

I cannot think of a more important assignment for the Senate to undertake, whatever the form of a committee inquiry, than to have our members actively concerned with efforts to preserve the unity of this country and to work for better understanding in and among the provinces. I think it is of critical importance, and I welcome all proposals and suggestions from the opposition in the Senate relating to the manner in which such a committee could be structured and brought into being.

Senator Flynn: Honourable senators, I feel I should comment on the reply given by the Leader of the Government. I am quite sure he did not mean to leave the impression that his side of the house was having the same difficulty staffing committees as we are on this side. That would be surprising, indeed, in view of the fact that Senator Greene is always willing to inject his two cents' worth into every discussion that takes place. I am willing to discuss with the Leader of the Government, of course, the structure of the proposed special committee.

Before resuming my seat, I should like to ask the leader whether his absence from the house last night was due to the fact that he had been campaigning in the province of Quebec, or had gone there following the election results to review what had happened.

Senator Perrault: Honourable senators, my absence from the house last night was due to an official commitment which I had in western Canada. I am very pleased to report to the chamber that the general attitude of western Canadians to the Quebec election is one of understanding. The attitude amongst western Canadians generally is one of "wait and see."

A view is held in the west that the election result principally reflected dissatisfaction with the previous provincial government and that the vote was not an indicator of public attitudes toward separatism. However, I do not wish to become involved in a discussion of provincial affairs. I simply want to transmit to honourable senators some idea of the attitude which I found in the west. I am encouraged. There is no belief that Confederation is finished or doomed and that we have no future as a united country. There is no philosophy of despair.

● (1410)

This proposed Senate dialogue with the Canadian people may not require a special committee. Perhaps a standing committee of the Senate as presently structured could take on this responsibility. In any event, we on this side would very much welcome the thinking of the opposition on the subject. All of us are concerned about the need to keep this country united. This belief and concern goes far beyond any partisan differences which we may have in this chamber.

Hon. Senators: Hear, hear.

THE HONOURABLE JOHN J. CONNOLLY, P.C.

CONDITION OF HEALTH

Senator Rowe: Honourable senators, my flight was delayed last night, and as a consequence I did not get into the Senate for the first part of the sitting. A perusal of yesterday's *Hansard* indicates that the matter I have in mind was not mentioned. I am wondering if the Leader of the Government has received a report recently on the condition of Senator John J. Connolly.

Senator Perrault: Honourable senators, I made an inquiry about the condition of our colleague as soon as I arrived today, and was informed that he is making sure and steady progress. He had one minor setback last week, but is now well on the way to recovery. I think we are all encouraged by this report.

DEPARTMENT OF JUSTICE

SUPERVISOR OF ENQUIRIES CENTRE—QUESTION ANSWERED

Senator Perrault: On November 2 the Honourable Senator Forsey inquired as to the supervisor of the Department of Justice enquiries centre. The question was in six parts, as follows:

1. Who is the supervisor of the enquiries centre in the Department of Justice?

2. When was he or she appointed?

3. Is he or she a lawyer?

4. What was his or her previous position, if any, in the public service?

5. If he or she came from outside the public service, from what position in the private sector?

6. What is his or her salary?

The answer is that the supervisor of the enquiries centre in the Department of Justice is one Jean J. Bélisle. He was appointed on April 1, 1976. He is not a lawyer.

Senator Flynn: Why do you say that?

Senator Perrault: Because that is an accurate reply.

An Hon. Senator: That is very reassuring.

Senator Perrault: The previous position held by Mr. Bélisle in the public service was that of information services officer 3 with Information Canada.

The question as to the position held by this gentleman outside the public service, if he came from the private sector, is not applicable. His salary range is from $17,696 to $20,108.

ENERGY

PROPOSED PETROLEUM AND NATURAL GAS ADMINISTRATION ACT—QUESTION ANSWERED

Senator Perrault: Honourable senators, Senator Austin asked a question on October 28 with regard to the proposed new oil and gas legislation. The honourable senator wanted to know whether such legislation would be introduced in the near future, and whether it would be possible to have it introduced first in this chamber.

On behalf of the government, I wish to assure honourable senators that we are keenly aware of the importance of the legislation referred to by Senator Austin, and that every effort will be made to have it introduced and dealt with during the current session of Parliament. Indeed, I am given to understand that drafting is going ahead on an urgent basis, and a bill respecting petroleum and natural gas should be ready for introduction early in the new year. Since this bill will be in the nature of a money bill, it will, of necessity, be introduced in the other place.

TRANSPORT

CAR RENTAL BOOTHS AT AIRPORTS—QUESTION

Senator Smith (Colchester): Honourable senators, I wonder if I might ask the Leader of the Government whether the Department of Transport has recently called for tenders for the rental of certain space in Canadian air terminals in which car rental companies might put their booths, or carry on their business in the terminals, and if so, what tenders have been received, in respect of what airports, and what are the amounts of those tenders?

Senator Perrault: Honourable senators, the Minister of Transport has taken action with respect to car rental space in air terminals across the country. However, because of the detailed nature of the inquiry I must take it as notice. That information will be obtained as quickly as possible.

HEALTH

SWINE INFLUENZA IMMUNIZATION—SUPPLEMENTARY QUESTION ANSWERED

Senator Perrault: On November 3 Senator Bell asked a question about swine flu. The question was:

I wonder if I could ask the Leader of the Government a supplementary question. Could he let us know if there have been any confirmed diagnoses of swine flu in either Canada or the United States?

A New Jersey 76 influenza (swine flu) was first isolated in mid-February 1976 in Fort Dix, New Jersey. Since that time, no further isolations of this virus have been reported in Canada or the United States.

THE HONOURABLE JOHN YAREMKO

FELICITATIONS ON HONORARY DEGREE

Senator Thompson: Honourable senators, before the Orders of the Day are called I should like to draw your attention to the fact that on November 30, 1976, the Ukrainian Free University of Munich, West Germany, will be conferring an Honorary Doctorate in Political Science upon the Honourable John Yaremko, a prominent long-time member of the Legislature of Ontario. This will be the first time that someone of Ukrainian origin not born in the Ukraine will be so honoured by the university. The citation is for public service.

I think that all of us in this chamber are aware of the dedication and, indeed, the passion which John Yaremko has brought to his duties in the public service throughout the years. I am sure we all share in the pride that the Ukrainian community in Canada has with respect to this honour that is being conferred upon him.

EUROPEAN PARLIAMENT

VISIT OF CANADIAN PARLIAMENTARIANS—DEBATE ADJOURNED

Hon. George van Roggen rose pursuant to notice:

That he will call the attention of the Senate to the visit of Canadian Parliamentarians to the European Parliament from 13th to 16th September, 1976.

He said: Honourable senators, on previous occasions I have referred to the report of the Standing Senate Committee on Foreign Affairs, published in 1973. The committee was then under the distinguished chairmanship of Senator Aird. Senator Grosart was the deputy chairman, and he still continues in that position. I am the present chairman.

I do not intend to go into that report in detail at this moment, but I refer to it by way of introduction to my remarks because it was a report resulting from a study by the committee of Canadian relations with the European Community, and one of the committee's recommendations was that we seek to establish an interparliamentary link with the European Parliament. I refer to page 25 of the report, where the committee said:

> Whether the European Parliament becomes a directly elected body—a sort of supranational Parliament—or evolves along other more pragmatic lines, there is little doubt that its influence and responsibility in Community affairs will increase. With this in mind, the committee believes it would be desirable for the Parliament of Canada to seek to establish some form of regular parliamentary link with the European Parliament.

Following that report, informal meetings were held with representatives of this Parliament and the European Parliament. In due course, under the auspices of the Speaker of the Senate and the Speaker of the House of Commons, a formal interparliamentary link was established, and this year I was privileged to be a co-chairman of the parliamentary group which visited the European Parliament between September 13 and September 16 last. I thought it would be appropriate for me to report to the Senate on that visit by that parliamentary group.

Let me first mention the makeup of the Canadian delegation. From the Senate, in addition to myself as co-chairman, there were Senators Lafond and Smith (Colchester); and from the House of Commons, there were Mr. John Roberts, co-chairman, and Messrs. Bussières, Caron, Fleming, Hnatyshyn, Macquarrie, Paproski and Prud'homme.

● (1420)

I might say that on the first day of our visit to Luxembourg, where the meetings took place this year, Mr. Roberts received a summons from the Prime Minister to return home to join the cabinet. Mr. Jim Fleming assumed the role of co-chairman which, on very short notice, he discharged with distinction.

I should like to acknowledge the excellent briefings we received before leaving for Europe, the arrangements made by the Inter-Parliamentary Relations Branch, and the assistance of the Parliamentary Centre. Mr. Bob Marleau of the Inter-Parliamentary Relations Branch, and Mrs. Carol Seaborn of the Parliamentary Centre, accompanied the delegation.

The format of the meetings this year was slightly different from that on previous occasions, and not unlike that of the meetings of the Canada-United States Inter-Parliamentary Group, which has been experimenting with format in recent years. I think it is most worthwhile if different formats are tested on these occasions so that the meetings can be made as useful as possible. In this particular instance, at the suggestion of the European group, prior to the meetings questions were posed by each side which would be answered by the other side at the time of the meetings. At the risk of taking up too much of your time, I shall read into the record the questions as an indication of the breadth of subjects being discussed on these occasions.

The first question from the Canadian side was:

> Direct parliamentary elections to the European Parliament are now scheduled for 1978. Do members of the European Parliament expect this to take place by the target date?
>
> How do members of the European Parliament see the power of a directly elected parliament evolving? Will this lead to greater control of influence by the European Parliament over the Commission and over the Council of Ministers?

What role will the directly-elected members have in influencing and shaping the policies of the various national assemblies? Does the Parliament foresee increased budgetary powers?

What effect will this development have on the momentum toward integration in the European Community? What are the prospects for integration in the field of social policy and of monetary union?

I shall not endeavour to deal even in summary with the discussions that followed that series of questions. They were extensive, and on each occasion for two or three days we ran into the late afternoon.

The first question back from the European side was:

Within the European Community there is considerable interest in and some criticism of the practical results so far arising from the Helsinki Agreement of August 1, 1975. What developments does the Canadian delegation see being made as a result of the Helsinki Agreement and how may these be viewed in Belgrade next year when progress so far will be officially evaluated?

The Canadian question back was on another subject:

In Canada's eyes, the Community's common agricultural policy (CAP) removes the competitive advantage of imports and stimulates EC production where it is not needed, resulting in huge surpluses such as those recently in milk and butter. But, most important, the CAP upsets world trading patterns by its export restitution scheme which amounts to an export subsidy. What are the prospects for modification of the CAP?

A European question back was as follows:

The Conference on international economic cooperation (the North-South Dialogue) between industrialized and less-developed countries is taking place in Paris and is considered by the European Community to be of major importance in the development of the world economy. What, in the view of the Canadian delegation, should be the results of this conference? What opportunities does the Canadian delegation see for joint policies and ventures between Canadian and EC interests in the furtherance of economic development in the Third World?

Senator Smith (Colchester) on our side then posed the last Canadian question, which was:

Many observers consider that if the current GATT multilateral trade talks result in lowered tariffs and more liberalized trade conditions, non-tariff barriers will be increasingly visible forms of protectionism.

In view of the fact that the European Community is the world's largest trading entity, non-tariff barriers are of vital importance to the Geneva talks. Is the European Parliament committed to meaningful trade liberalization at the MTN talks in Geneva, including effective agreements to deal with non-tariff measures? How difficult is this politically in the nine Member States?

The last question asked of the Canadian group was:

The EC/Canada Agreement signed in July 1976 seeks to strengthen economic cooperation between Canada and the European Community. What are the Canadian Delegation's views concerning the possible incompatibilities between this aim and the demands for greater Canadian economic sovereignty, in view, for instance, of the Saskatchewan Provincial Government's purchase of and interest in potash mining groups, including European backed mining interests?

Those questions give just a slight idea of the breadth of subject matter discussed over a period of three days in Luxembourg. As one of them deals with the framework agreement I should like to touch on that important document, which is commonly known as the contractual link and which was signed in Ottawa last July 6, and in doing so I refer to what my committee, under the then chairmanship of Senator Aird, had to say on the subject when it advocated that this agreement should be negotiated and entered into. A good deal has been written in the press and said by others to the effect that the agreement has little substance. I argue that that is not the case. Let me read from page 14 of the committee's report in this connection:

(a) A Preferential or Non-preferential Agreement?

In considering what type of agreement Canada might seek, the Committee has concluded that it would be unwise to seek a preferential agreement with the Community. In fact, the Committee was advised in Brussels that Canada would not be successful if it sought one. As several witnesses pointed out, the intent of the Community is to make Europe a cohesive unit. The whole thrust is European, a concept which they feel would be negated by granting further special relationships around the world. (They make an anomalous exception of former colonies). Moreover, the Community has shown itself unwilling to allow efficient Canadian agriculture to jeopardize the Community's high cost heavily subsidized agricultural structure, which has for them an important political and social connotation. Finally the Community would be unlikely to upset its relations with the United States by offering a preferential relationship to Canada.

So much for what one might call a preferential trading agreement which was never advocated or sought.

The report then goes on, however, under the heading "(b) A Comprehensive Economic Cooperation Agreement" on page 15, to say:

Instead of pursuing a policy of seeking a Canada-Community agreement on a limited trade basis, the Canadian Government has recently sought to negotiate a comprehensive agreement covering broader areas of economic cooperation. In the continuing talks concerning such an agreement, the long-term prospects for trade in energy and resource materials, including the processing of nuclear fuels, are being discussed. Also included are potential non-tariff barriers such as government procurement policies, countervailing duties, coastal shipping

regulations, export subsidies and concessional financing. Additional items in the discussions have been consumer protection, copyright laws, protection of the environment, standards and quality control and the industrial application of science and technology.

Given the movement toward economic integration among the Nine, it is appropriate to seek to establish a framework for cooperation on a Community-wide basis. Many of these subjects are outside the jurisdiction of the GATT, but could become important ways of furthering mutual interests. Such an agreement would complement the GATT, not substitute for it.

The committee goes on to say:

The Committee endorses the Government's conception of a comprehensive economic non-discriminatory cooperation agreement. Such an "umbrella" agreement, if concluded, would provide broad scope for cooperation on economic issues of mutual interest beyond the possibilities of a regular trade agreement.

Without reading the rather dry releases which were made at the time of the signing of the agreement, I might move ahead to some excerpts from the speech made at the time by our then Minister of External Affairs, Mr. MacEachen. I am taking this time to place these thoughts on the record because it is important for Canadians generally, and, I would submit, particularly for members of this chamber, to understand the distinction between a preferential trade agreement, which this is not, and a cooperation agreement, which it is. From Mr. MacEachen's speech I quote the following:

● (1430)

The Agreement will be no more than it claims to be. It will not be a preferential arrangement. Rather, it will establish a framework for cooperation designed to leave optimum room for the expansion of Canada's economic links with the European Community. It is so designed because the Community is evolving, as is Canada's capacity to develop a comprehensive relationship. It should, therefore, enable us to move pragmatically from modest beginnings to more ambitious forms of cooperation.

Today, trade is only one element in a complex network of economic interaction that embraces investment, technology, licensing, joint ventures, and cooperation in third markets. What we shall be doing under the agreement in essence is identifying individual sectors that look to be most promising in terms of industrial cooperation. This will, of course, be a continuing process which will have among its objectives the further development of Canadian and European industry, the encouragement of technological and scientific progress and the opening up of new sources of supply and new markets.

We recognize, as I am sure our European partners do, that there are limits on what governments by themselves can accomplish. It is clear that a great deal will depend upon the private sector and its readiness to seize and develop the opportunities which are identified. Similarly we appreciate that there will be an important role to be played by our provincial governments if full advantage is to be taken of the opportunities presented.

Now that the Agreement is signed the work of the Joint Co-operation Committee—

And I will come to that in a moment.

—set up by the Agreement, can begin. There is, of course, much to be done before we will see returns on our investment. The Agreement, however, represents a starting point—we must now work together to make it the success it can be.

The agreement, which I shall not read because it was tabled in this chamber at the time of its signing, does admittedly lead one on first reading to conclude that it is not an agreement of specific substance in itself as would be a preferential trade agreement. You cannot point to a specific paragraph and say, "There is a specific agreement we have arrived at that will do such and such for our trading relationship." It does, however, contain one, in my view, extremely significant article, and that is Article IV. It is very short and reads as follows:

A Joint Co-operation Committee shall be set up to promote and keep under review the various commercial and economic co-operation activities envisaged between Canada and the Communities. Consultations shall be held in the Committee at an appropriate level in order to facilitate the implementation and to further the general aims of the present Agreement. The Committee will normally meet at least once a year. Special meetings of the Committee shall be held at the request of either party. Sub-committees shall be constituted where appropriate in order to assist the Committee in the performance of its tasks.

So that an instrument is created by this agreement, an instrument which either side can insist be called into being, and by which either side can ask the committee to convene from time to time, in addition to which subcommittees can carry out continuing or ongoing work. This means that if the Canadian government, through any one of its departments, feels it can identify areas where Canadian trading or other interests would be advanced by some cooperative investigation as between ourselves and the European Community, an instrument exists whereby we can say, "Please, look at this with us." We do not have to go and ask them to please do so; they must do so under the agreement. And, of course, it will mean that officials on both sides of the ocean are going to have to spend a number of years in what will be little less than a "fine-tooth comb" operation, going through various areas to find and identify those that might have potential for cooperative work between ourselves and the Community.

I think the other thing that it is important for Canadians to keep in mind—particularly the business Community, in availing itself of this new window that has been opened on Europe—is that the Community as an entity will in comparatively few cases be itself entering into meaningful agreements

and arrangements. In most cases it will be the individual countries making up the Community which will enter into these agreements on a bilateral basis, and this focus is important, because the agreement is in place and the committee which will be structured under Article IV can be used not only to identify areas of cooperation with the Community as a whole, but areas of cooperation between Canada and individual states within the Nine.

I might say that just before these meetings commenced I took the opportunity, while being in Europe, to visit Paris for one day, and I spent two most informative hours with our ambassador there, Mr. Gérard Pelletier, who had focussed extremely clearly on this agreement. He was at pains to make that particular point to me, and I appreciated his doing so because I think it is most important for us to keep in mind.

I would like at this point to mention an example of the thoughtfulness of our hosts while we were in Europe. They had arranged the scheduling of work in the European Parliament in such a fashion that the contractual link—which requires ratification by both Parliaments, incidentally—would come before the European Parliament while the Canadian delegation was there. We had the privilege of sitting in the gallery where our party was graciously recognized by the President, and we listened to the debate on the agreement and the explanations given, under the mechanism in that Parliament, by the senior civil servant responsible for the agreement, Sir Christopher Soames, and it was indeed adopted that very afternoon we were there. We all thought this was a most generous and thoughtful gesture on the part of our hosts.

One of the other areas of great interest to the Canadian delegation was the whole question of direct election. I think it is difficult at first blush to fully appreciate what a monumental step this is for the Europeans to take. We are here talking about nine nations in Europe, with a history of hundreds of years of strife and warfare, not only coming together economically but deliberately moving toward a higher degree of political integration. Surely, it will be one of the most momentous decisions of history if this takes place.

The heads of state of the Nine have stipulated that direct elections are to take place by 1978, which is less than two years away, and we were keen to inquire of our colleagues there whether or not this target would indeed be met, because the problems are immense. We found with very few exceptions that they were convinced that the target date would be met. They were enthusiastic to see that it was met.

● (1440)

One of the stumbling blocks in its way is the problem of proportional representation. It must be kept in mind, I think, that without exception every country on the continent which is a member of the Community has one form or another of proportional representation in its parliament, so that the makeup of the parliament represents, within reasonable limits, the percentage vote of the electorate. This, of course, is foreign to our system and the British system, and it has been agreed, therefore, because it is impossible for the British to make such a departure from their traditional system in time for the 1978 elections, that the first elections will be under the form of electoral procedure existing at the moment in each one of the member states. They have left the question of proportional representation for solution at a later date.

I would say that the only representatives in the Parliament that we found negative to direct elections by 1978 were the British Labour Party members. One wag in Europe made the remark that, really, the Labour Party members in Britain are now the new Tories—inward-looking and restrictive. But even the Labour Party acknowledges that the government is committed to the elections, and they only argue that they cannot do it by 1978; it may take another year. So that we should see before the end of this decade, on a universal franchise, a directly elected Parliament representing the 250 to 260 million Europeans of those nine countries. That is a most remarkable forward step in the history of democratic government.

This will bring with it some obvious other changes. There has not been too much progress in the European Community in the last four or five years on the economic side for a number of reasons, the principal one being, I think, the advent of the oil crisis and the general downturn of the economy. This has been a time of retrenchment and great economic difficulty in Europe, and it has not been an auspicious period in which to move the Common Market forward. Its movement forward in the area of direct elections is really the only visible movement at this particular time. That is why this is particularly important.

There is a feeling in Europe, although the parliamentarians do not spell it out too loudly lest they frighten off their respective governments, that once this Parliament is elected by universal franchise it will inevitably start taking unto itself more power; not directly, not immediately, but by a process of osmosis over a number of years. Rather than the Council of Ministers being the political instrument of the European Community, the Parliament will start becoming the political instrument. It will start to achieve some power over the purse strings, and, indeed, this will be the first really major step to the European Community's advancing on the political side as it has advanced in the past, with such marvelous success, on the economic side.

While we were in Luxembourg to meet with the European Parliament, we had at the same time opportunity to have individual meetings with the principal party groupings, during which we discussed such things as these direct elections with the Conservatives, the Christian Democrats, the Liberals and the Socialists.

Following our three days in Luxembourg we proceeded to Brussels. Brussels, as you understand, is the administrative headquarters of the Community, the capital of the Community.

I might digress here just to point out that the Parliament sits in Strasbourg, France, and in Luxembourg, and the various Community operations, such as the aeronautical ministry, and things of that sort, which are the equivalent of Community ministries, are divided among different members of the Com-

munity in different parts of Europe. So there is a great deal of movement back and forth by their parliamentarians and their civil servants.

Apart from briefings by civil servants of the Community in Brussels on questions such as energy, uranium and other matters of mutual interest, we were again—and I say "again", because this is the third time I have been privileged to attend such a luncheon—we were again graciously entertained at lunch by Sir Christopher Soames, one of the senior commissioners of the Community and the commissioner responsible for external arrangements. Sir Christopher will be leaving that post at the end of this year when the British commissioner, Mr. Roy Jenkins, will be taking over the presidency of the Community, and it is rumoured that Sir Christopher is interested in returning to domestic politics in Britain. I was sorry the other day, therefore, to read in the papers that he had been taken seriously ill. I know you all join with me in wishing him a speedy recovery.

It is a fact that Sir Christopher does not treat the contractual link with Canada lightly. Indeed, he has been working strenuously to develop a similar link with China, and I am sure I am not disclosing a confidence if I say that he was encouraged by the progress he had been making, and had even hoped that he might be at the point of settling some agreement with China prior to his leaving office at the end of this year. It was only the death first of Chou En Lai, and later of Mao Tse Tung, that put that out of the question.

So while this was a Canadian initiative, it is not confined to Canada, and the European Community is looking actively to using this format elsewhere.

In conclusion, honourable senators, I quote from the gracious speech given on the occasion of the farewell banquet for our delegation by the Chairman of the European delegation, Mr. Bersani:

> In July 1973, the Canadian Senate Committee on Foreign Affairs, of which our eminent colleagues Senators van Roggen and Lafond were members, published a particularly important report entitled "The Relations of Canada with the European Community".

This is the report to which I referred a few moments ago.

> This excellent document constituted such a powerful searchlight on the pathway to our recent cooperation that, in fact, almost all the recommendations which it contained have been followed and transformed into concrete measures either by specific actions or by actual institutions.
>
> You recommended, Senators, an overall agreement of economic cooperation. You have obtained the Framework Agreement of commercial and economic cooperation. You asked for appropriate methods of consultation and you have the joint cooperation committee. You have expressed the wish that the European Community establish a delegation and an information service in Ottawa. That too has become an accomplished fact since last autumn thanks mainly to the budgetary support of the European Parliament.

I might digress to say that that is quite true. That office would not be open in Ottawa today were it not for the strenuous support that we received from the parliamentary wing in Europe, as opposed to the Commission.

> Finally you have argued in favour of a regular parliamentary link with the European Parliament. Is it necessary to underline that this liaison now exists, that it was approved by a unanimous resolution of the European Parliament in April 1974 and that it occupies in the parliamentary relations of our Parliament a particularly privileged place.
>
> My dear Canadian friends, rarely have parliamentary initiatives had such excellent and rapid success.

● (1450)

Honourable senators, I congratulate the members of the Canadian delegation, all of whom effectively, knowledgeably and fluently represented the Canadian Parliament in all of the discussions that took place. I should also like to add that this parliamentary relationship, being a relationship with what may well become the largest democratically elected parliament in the history of the world, is one that we should cherish and foster in the years to come.

Senator Burchill: I wonder if I might ask the honourable senator a question? How will the representatives at the European Parliament be chosen?

Senator van Roggen: As I tried to explain during the course of my remarks, the Community has agreed that for the first election, which is to take place in 1978, the individual member countries will be able to establish their own rules as to how they will arrive at the election of their allocated number of members of the Parliament.

One of the difficult things that had to be negotiated, of course, prior to agreement on direct election, was the number of representatives to which each country would be entitled. In that respect, two or three years ago we were able to give some examples of the situation in a federated state such as Canada, where we do not have fully proportional representation to the *n*th degree, as proportional representation, of course, could result in some of the smaller provinces being represented by only one member of Parliament and, therefore, a minimum number must be agreed upon. This was particularly important to the European Parliament. Agreement has now been reached on representation, and each country will elect its share of representatives in its own way for the first election.

Senator Smith (Colchester): Honourable senators, as one of those privileged to represent this chamber on this very important visit to the European Parliament, I should like to make a few comments, but I shall not do so until I have had an opportunity to contemplate what Senator van Roggen has said. I therefore move the adjournment of the debate.

On motion of Senator Smith (Colchester), debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 18, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Reid had been substituted for that of Mr. Andres (Lincoln) on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

DOCUMENTS TABLED

Senator Perrault tabled:

Capital Budget of the National Harbours Board for the year ending December 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1976-2543, dated October 14, 1976, approving same.

Final Report on the administration of the Emergency Gold Mining Assistance Act that expired on June 30, 1976, pursuant to section 10 of the said Act, Chapter E-5, R.S.C., 1970.

Copy of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting the compensation plan between the Government of Canada (Treasury Board) and the Agriculture Group of the Federal Public Service, represented by the Professional Institute of the Public Service. Order dated November 16, 1976.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Riel be added to the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING ADJOURNMENTS OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit during adjournments of the Senate.

Motion agreed to.

DEPARTMENT OF JUSTICE

DIRECTOR OF INFORMATION SERVICES—QUESTION ANSWERED

Senator Perrault: Honourable senators, on October 28 last Senator Forsey asked a question concerning the position of Director of Information Services, Department of Justice. He asked:

Who is now Director of Information Services in the Department of Justice?

I am able to inform members of this chamber that the position is vacant.

BUSINESS OF THE SENATE

Senator Flynn: Honourable senators, since there is no mention of the adjournment, does this mean we are going to sit tomorrow?

Senator Perrault: Honourable senators, the reply may be available shortly. The intention is to revert to motions later this day. There is a possibility that an important piece of proposed legislation will be referred to this chamber for consideration next week. We will know in a short time.

Senator Flynn: Is that the same piece of legislation that the Leader of the Government was expecting three weeks ago?

Senator Perrault: There is a continuing and abiding concern on the part of this government for exactitude in wording and draftsmanship of proposed legislation. The concern is not haste, but care.

Senator Flynn: I can understand the need for care, but I doubt that that is what is causing the delay. I find it easier to believe that the government is in complete disarray. After all, the Speech from the Throne was presented quite some time ago, and we were told then that some very important legislation would be forthcoming. Not one of these new pieces of legislation has yet been introduced, either here or in the other place.

Senator Perrault: The Leader of the Opposition is aware of the constitutional and procedural rules. All matters which relate to expenditure of taxation moneys and revenues must originate in the other place. Because of a sequence of events which have occurred since the opening of this second session of Parliament, almost all measures scheduled thus far relate to the expenditure of moneys and therefore must originate in the other chamber. I want to assure honourable senators, however, that we expect to be extremely busy very shortly.

Senator Flynn: As usual, just before Christmas, I suppose.

ENERGY

PROPOSED INCREASE IN OIL PRICES BY OPEC—QUESTION

Senator Austin: Honourable senators, I should like to ask the government leader whether the government has any information yet about the possibility of an increase in oil prices by the Organization of Petroleum Exporting Countries. I would also ask: What is the cost to Canada of an increase of $1 per barrel, based on volumes of imports to Canada?

Would the government leader also inform this chamber what benefits the provinces of Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland enjoy as a result of the current lower-than-international price of oil imported and consumed in those provinces?

Senator Perrault: Honourable senators, it is anticipated that there will be an increase in the international price of oil. However, because of the detailed nature of the honourable senator's question, it may be more appropriate to have an official statement made on behalf of the government within a few days. I shall seek to have one prepared.

Senator Flynn: Is that tomorrow, or next week?

Senator Perrault: All good things come to those who wait.

TRANSPORTATION

PACIFIC COAST SUBSIDIZED TRANSPORTATION SERVICES—QUESTION ANSWERED

Senator Perrault: On Tuesday, November 2, Senator Austin asked a series of important questions relating to transportation on the Pacific coast and the subsidization of transportation.

The government is aware of the alarm caused in Pacific coastal communities as a result of the decision to withdraw the subsidy to Northland Navigation. We believe, however, that this concern results largely from a lack of understanding of what has been proposed as an alternative service. We are hopeful that the latest press statements by the Minister of Transport will serve to better inform the communities affected and allay fears on the Pacific coast.

The government has had this particular problem under review for the past three years. A study was commissioned by the Transport Commission to determine what improvements could be made to this service, and many discussions have been held over the period.

Cabinet has recently approved a new policy in respect of financial assistance to water transportation which will involve respective provincial governments also in supporting these services. The recent action taken in British Columbia is in line with the new policy and it should be noted that the Government of British Columbia has assumed responsibility for the movement of passengers previously catered to by Northland on a cost-sharing basis with the federal government.

• (1410)

We firmly believe that we have now put in place an improved base upon which to build improved passenger and freight services to remote communities in British Columbia at a defensible level of public funding, and are now monitoring the changeover closely to ensure that no communities are left without adequate service.

May I say additionally, honourable senators, that the plan developed by the honourable Minister of Transport for the west coast is designed to provide improved shipping service to northern British Columbia at a saving to the taxpayers of about $3.5 million a year. The previous service to the up-coast area cost $4 million in federal subsidies for freight and passenger operations.

The new service will be monitored to ensure problems resulting from the changeover will be dealt with quickly. The new arrangement has been worked out in cooperation with the Government of British Columbia. The honourable minister acknowledged that some residents of the area have reservations about the new system. He has taken note of the representations made from members of Parliament, including senators, and others with respect to the problem of providing transportation in the area, and he acknowledges the assistance provided by them and others in producing the new plan. He has stated he will be watching developments and keeping in close touch with various sectors of the community to iron out any early problems that might arise.

Freight will be handled by Rivtow Straits, a Vancouver-based tug-barge operator, which has published a weekly sailing schedule and announced a tariff compatible with that of Northland Navigation, which formerly provided the service. Rivtow, whose service will be non-subsidized, has agreed to hold the tariff rate while experience is gained in the operation and does not foresee any major increases.

On the passenger side, the federal government will pay the provincial government half the daily operating cost of assuming the responsibility of passenger service previously provided by Northland to mainland points between Namu and Stewart.

Other ports to be served include Ocean Falls, Bella Bella, Butedale, Klemtu, Prince Rupert, Port Simpson, Kinsolith and Alice Arm. The result of these rearranged services is that the federal government subsidy has been cut from $4 million a year to approximately $500,000 a year, with provincial government funding of $350,000.

It is reiterated by the Minister of Transport that the federal funds thus released will be available for the development of transport systems generally in British Columbia. The govern-

ment is now looking at upgrading navigational aids and facilities in the coastal region, and announcements will be forthcoming.

The Queen Charlotte Islands will be served initially by a vessel carrying both passengers and freight. The arrangements are being finalized and details will be announced on completion.

It is noted, however, that the question of usage and need of a passenger service to the Islands will be fully assessed and discussed with local residents.

Senator Austin: I should like to ask the government leader whether his answer indicates that the federal government is amenable to assisting the province of British Columbia with respect to ferries and ferry service between the mainland and Vancouver Island.

Senator Perrault: That question has been under review for some considerable period of time. I am not in a position now to make any announcement with respect to that matter.

EUROPEAN PARLIAMENT

VISIT OF CANADIAN PARLIAMENTARIANS—DEBATE CONTINUED

The Senate resumed from yesterday debate on the inquiry of Senator van Roggen, calling the attention of the Senate to the visit of Canadian Parliamentarians to the European Parliament from 13th to 16th September, 1976.

Hon. George I. Smith: Honourable senators, as I mentioned on adjourning this debate yesterday, I found it a very interesting and instructive privilege to be part of this important delegation. I want to congratulate Senator van Roggen on his co-leadership, along with that of, first, John Roberts, now the Honourable John Roberts, and then Mr. Fleming. It was a pleasure to work with him, and he was certainly an excellent representative of Canada in leading that delegation.

I agree that the arrangements, in general, were very good indeed, with the exception of a period of 30 or 40 minutes, which I think Senator van Roggen escaped because he took some other route, when some of us were left at the railway station at Luxembourg for non-existent taxis or, at least, taxis that did not arrive. All in all, the arrangements made by the staff were excellent, and Mr. Marleau and Mrs. Seaborn, who travelled with us, deserve our thanks which I am glad to express to them.

The speech of Senator van Roggen, as is always the case, was a clear exposition of the thoughts that he wished to put before us. However, he was guilty of what I thought was one serious oversight. You may remember that in his speech yesterday he made reference to the remark of a person, whom he referred to as a wag from the European delegation, who was criticizing the Labour Party members from England and saying that they were now the new Tories of Europe, that they were inward-looking and restrictive. I thought it would have instantly sprung to Senator van Roggen's mind to point out to that wag that there must really be a misconception, because the Tories in this country, as Senator van Roggen knows, are certainly the most forward-looking, most progressive and most internationally minded of all.

Senator Perrault: Don't be political.

Senator Smith (Colchester): I am not; I am completely factual.

Senator Greene: Did you write that speech?

Senator Smith (Colchester): This was a most congenial group of parliamentarians. Unfortunately, while it would otherwise have consisted of members of every party represented in our Parliament, the two selected to represent the New Democratic Party and the Social Credit Party were at the last moment unable to go.

There was, at least from my point of view, one very unusual occurrence. Both Senator van Roggen and I have referred to the fact that Mr. Roberts is now the Honourable Mr. Roberts, a member of the cabinet. It is the first time I can recall ever having been in the presence of a Liberal when he was informed that he was appointed to the cabinet. It was, indeed, not only an unusual but a very enjoyable situation. Some of us were in the hotel with him when the message came, and I hope he considered our response to be of an appropriate congratulatory nature, accompanied by those things designed to emphasize the geniality of congratulation.

While we were there we had the pleasure of meeting—some of us for the first time, while others renewed their acquaintance—our two splendid ambassadors, if I may refer to them in that way, Mr. Cadieux, our ambassador to the European Economic Community, and Mr. Lamoureux, our ambassador to Brussels and Luxembourg, both of them distinguished and congenial gentlemen. It was a delight to be with them. We noted from some of our conversations with the European people who took part in the negotiation of the contractual link, which we were there in part to discuss, that Mr. Cadieux, in particular, took a prominent part in the negotiations leading up to the signing of the document.

Senator van Roggen has told you of the format of the meetings. As he said, at Luxembourg we met the delegation from the European Economic Community Parliament, under the chairmanship of Mr. Bersani of Italy, a delightful and able gentleman. The delegations exchanged questions and discussed them. We discussed a variety of items on a prepared agenda, and we visited various political party representatives in their own quarters—by which I do not mean Tories visiting only Tories and Liberals visiting only Liberals, because each of us was afforded an opportunity to meet the representatives of a very wide spectrum of political opinion in Europe.

After some days at Luxembourg we went on to Brussels, where we had some most interesting and useful discussions with those who might be called the senior public servants of the Community. One of the many pleasant recollections and events of our visit there was a lunch hosted by Sir Christopher Soames, the Commissioner responsible for external affairs and who later, as I shall mention, delivered a most interesting and useful speech. I was sorry to learn from Senator van Roggen

yesterday that Sir Christopher Soames is now not in good health, and I join with the honourable senator in wishing him very warmly a quick return to health and strength.

● (1420)

Senator van Roggen read the questions that were posed by our delegation, but he refrained from mentioning the nature of the discussions which took place regarding those questions. I suspect he did that out of kindness to me, so that I would be left to deal with them. Be that as it may, with your permission I would like to give a summary of the discussions that took place regarding some of those questions.

The first question dealt with the hopes of the Community based on the forthcoming direct election of members of their Parliament by the people of the countries to which they belong. As you know, they are now not elected directly, but are elected, or selected, from their respective parliaments by their governments, or by those parliaments. The Canadian delegation was certainly very interested in ascertaining their views as to whether this would be a helpful change in their system of representation. The response of the Community delegation was that they feel confident that these elections will go forward and meet the target date of election of 1978. They took some trouble, I thought, to point out to us that while the elections are important in themselves, they really are a step toward what many of them hope, at least, would be a broader type of integration.

With respect to what some thought might be the increased powers of the Parliament once it derived its mandate directly from the people in the various countries which the Parliament represented, they were not very clear on how or to what extent this might be changed, or what powers might be increased. However, they did say that it seemed to them that it was almost inevitable that people who drew their mandate directly from the people in elections would not be satisfied without some increased power to deal with the many and very difficult important problems which come before the Community. They pointed out, however, that it is hard to make any prediction, because nearly all—I believe they said at least four-fifths—of the directly elected members would be different from those who now compose the Parliament and, moreover, the Parliament would be twice the size of the present one.

One expression of thought was that the Parliament, once elected, would be able to influence a good deal more the acceptance or rejection of the budgets put forward by the Commission itself and, indeed, I believe one or two expressed the thought that directly elected people would insist that they have the power to approve or reject the budget.

There was a question asked by the Canadians about the Common Market agricultural policy. The reply from the Europeans was just about, I suppose, as we have noted in reading about it over the years. They stated that the purpose of their common agricultural policy is to ensure that the European consumer gets produce at a reasonable price, and that there will be a guaranteed supply. They readily acknowledged that a very difficult situation existed within the Market concerning agricultural matters, and, somewhat to my surprise, it was pointed out that at that time they were suffering substantial and difficult surpluses in some products. They mentioned particularly a surplus of milk. I noticed, however, that there was no agreement among all members of the delegation on that point.

A vigorous parliamentarian expressed, as strongly as he could, the thought that the policy was not working and would not work unless the principles underlying it were substantially changed, and that it was time the Community realized that. However, it would be safe to say that he appeared to be part of a minority of two.

There was some response to the injurious effect of this year's prolonged drought in Europe and the British Isles, which it was felt certain would result in a drop in dairy herd production and, indeed, in overall agriculture production, far below the average of the past few years. It was felt that this might have implications for North America, because it would mean increased imports of soya and animal foodstuffs.

Another question posed by the Canadians had to do with the liberalization of trade—I hate to use such a word, but I assure the Leader of the Government that I do so non-politically—particularly where there is a considerable number of what might be called non-tariff barriers to extension of trade between the Community and Canada.

An example pointed out by Canada of what might be a very effective and difficult non-tariff barrier for Canada to meet would be a proposed requirement changing the standard of newsprint exported by Canada to the Community—a change which I understand is referred to in the trade as waterlining, which requires papermaking machines to produce more slowly and this has a noticeable effect upon costs.

Some of our delegation who were knowledgeable on this point took the view that although it was not intended as a non-tariff barrier, it would be a very effective one indeed if it were insisted upon.

A very interesting question, and one of substantial importance to Canada, was asked relating to the Canadian delegation's views concerning possible incompatibilities between the aim of strengthening economic cooperation and the demand in Canada for greater economic sovereignty. Reference was made particularly to the question of potash and the Government of Saskatchewan.

The reply from the Canadian delegation was to the effect that provincial jurisdiction in the field of natural resources, according to our Constitution, was predominant, that it might be reasonable to assume that part of the motive for Saskatchewan's action was related to the question of sufficient yield to the public treasury of Saskatchewan, or to the people of Saskatchewan, for use of their resources, and that this was probably involved in the question of taxation to be derived from the natural resource by both the province and the Government of Canada.

It was also emphasized with suitable strength, I think, that the first purchase by the Government of Saskatchewan had been made. It seemed to have been done by successful negotia-

tion. Evidence available to the Canadian delegation indicated a substantial measure of fair play and that a fair price was offered. From all the evidence that was then available to the Canadian delegation it appeared that there was substantial evidence of fair play and of a fair price being offered, and we thought this ought to be some reassurance.

• (1430)

The Europeans pointed out more than once during this discussion that there was a substantial European investment in potash in Saskatchewan and that, therefore, this was of more than average concern to their financial side.

So much for the questions. There were others, such as that relating to the Helsinki agreement, the cooperation between industrialized countries and the less developed countries, but as time is moving on I had also better move on.

I come now to one of the topics on the agenda for discussion by the plenary session of the two delegations. One such topic dealt with the European Economic Community-Canada framework agreement. Mr. Bersani, who was the leader of the European delegation, led off the discussion. He expressed a very warm welcome to the signing of the agreement, and, as I think Senator van Roggen said yesterday, expressed his belief that this would open substantial new horizons for both parties. However, both he and other members of his delegation soon made it clear to us, both at that meeting and later on that afternoon as we listened to the debate in the European Parliament itself, that they were disappointed about the difficulty, as they called it, with reference to the principle of equal access to Canadian raw materials, and that this was certainly not dealt with to everybody's satisfaction in the Community. They then went on to express concern about our legislation dealing with foreign investment, such as the Foreign Investment Review Act.

Mr. Bersani, I think it was, but in any event one of his delegation, expressed some puzzlement as to how the present legislation could avoid causing difficulties for European investors in Canada. The Canadian side attempted to allay the European apprehensions on both these points of concern. They pointed out in respect of the foreign investment legislation that Canadian industry was already subject to a high percentage of foreign control simply because of foreign investment, and that this was one of the underlying reasons for such legislation. It was said that the intent was not to exclude foreign investment but to ensure that, when made, it worked for the benefit of Canada. The point was made, too, that the number of disallowments under this legislation was not great. However, I think it would be only fair to say that some members of the Canadian delegation made it pretty clear that the conception, the implementation and existence of this legislation was not universally admired in Canada and that perhaps the Europeans would find a more welcoming response from some other sources.

One subject which the European delegation chairman raised at least twice and pursued with some care concerned the strengthening of the parliamentary links between the Parliaments of Canada and of the Community. He suggested that there might well be a more formal structure to achieve this, perhaps considered as a joint political level committee within the purview of the framework arrangement. He went so far as to suggest an on-going system with its own secretariat which, between annual meetings, could discuss relationships as they carried on and as new ones occurred under the framework agreement, and could prepare an agenda for regular meetings. Indeed, it would not only prepare an agenda but would prepare the necessary information for useful discussion at such meetings.

The Canadian side responded positively to those ideas and undertook to consider their possibility on return to Canada.

When we came to listen to the debate as to whether or not the agreement should be approved—I think that was the word they used—approved by the Economic Parliament, we heard much the same type of discussions there as I have already mentioned. The question of access to raw materials and the question of non-discriminatory treatment of foreign investment were particularly emphasized. Several speakers mentioned the particular European interest in Canada's raw materials and the possibility of high technology exchanges and joint ventures.

The debaters also stressed the view that Senator van Roggen put before us yesterday, and with which I certainly agree, that the success of the agreement would ultimately depend on the use made of it by businessmen on both sides. It was of considerable interest after what seemed to me to be a lively debate to note that in the final analysis the agreement was approved unanimously.

Another item on the agenda, which I have already referred to because it was part of a question, relates to the common agricultural policy. The discussion was much the same as I mentioned in relation to the question, but there were one or two specific points made by the Europeans. One complained about Canadian and American import quotas on European cheese, for instance, and urged that there be consultation with all people concerned before restrictions were placed on imports. In that discussion the question was put to us as to whether or not Canada agreed with what was alleged to be talked of favourably in the United States, namely, the use of food as a political weapon. I think without the slightest reservation all the delegates from the Canadian side agreed that that could not be or ought not to be accepted as an instrument of national policy, and did not believe that Canada would ever be likely to consider such a policy.

One of the most interesting and, from the point of view of some of us at least, one of the more inconclusive discussions turned on the question of the influence of communist parties in western European governments and the possibility of their succeeding in getting into office by the ballot, either alone or in cooperation with other parties. In fact, as I recall it, one of the Canadian members put the straight question to a communist member of the European delegation, "If you got power by the ballot, would you relinquish power by the ballot?" I think he believes that the question was never answered, but there was a lengthy discussion and I think probably it was intended to be answered, and answered in an affirmative way.

● (1440)

Some members of the delegation were not thoroughly convinced, even after the discussion had been completed. It was, however, extremely interesting to hear a leading member of that party in France, which is one of the strongest Communist Parties in Europe, discuss at some length what he said was his philosophy of government.

In Brussels we had an opportunity to meet with leading public servants of the European Economic Commission and to discuss with them a number of subjects of common interest. I have already referred to the hospitality of the Commission members at a luncheon presided over by Sir Christopher Soames, at which he made a very interesting speech. He alluded with great earnestness to the fact that we should not take back to Canada any impression that we might have gained from listening to the discussion in Luxembourg, to which I referred, that the Community was only interested in Canada's raw materials, and in particular its uranium. He made the point that that was not so, that there were many areas in which he felt there could and should be cooperation between the Community and Canada. Once more he said, as was said so often to us, that the businessmen on both sides were really the key to the success of the agreement.

Among the subjects we discussed with the experts at the Commission in Brussels were three or four which I should like to make brief mention of. We discussed with a senior official of the Commission the present state of affairs in the Community and the functioning and struggles within the various Community institutions, such as the Parliament, the Commission, the Council of Ministers, and so forth. We also discussed the prospects for widening the activities of the Community and the further integration of the various member nations into it. He said that advances beyond the ordinary Common Market ideas had certainly been gained in external affairs in that the Community had evolved common policies in dealing with some of the Eastern European countries and the developing countries, and certain common policies in relation to the general agreement on tariffs and trade.

We had a fairly lengthy discussion with the senior experts in relation to energy. They said that although only about 10 per cent of the electrical power in the Community was today produced from nuclear sources, this was expected to increase to 50 per cent over the next 10 years. They said that, based on present prospects, it looked as though by the year 2000 nuclear sources would generate something in the order of 80 per cent of the Community's electrical power. That, of course, is one explanation as to why the Community is so interested in having access to our raw materials, particularly our uranium. Another interesting statement was that if that in fact did take place by the year 2000, the Community would be consuming about one-third of all the uranium consumed in the Western World. This seemed to them, and I suppose rightly so, to pose a very serious problem for the future.

We also discussed tidal power, of which they know something about because for some years now there has been a tidal power project operating on the River Rance near Saint Malo in Brittany. The British have also been carrying out serious investigations into the use of tidal power in various places in Britain, the most favoured one being, I believe, on the River Severn.

We also discussed with these officials the Joint Cooperation Committee under the framework agreement. That committee is to meet twice a year. There will be subcommittees, but their areas of competence are not fully worked out as yet. The first meeting of the committee is to be held this month.

At first it was thought that the committees would be entirely at the bureaucratic level. It is hoped—and hoped rather keenly—that in a very short time representatives of the private sector will be sitting on the committees. It is also the hope that these committees will eventually succeed in encouraging the formation of consortia, which would conceivably go beyond long-term contracts and involve industrial cooperation.

Another subject of discussion was that of nuclear safeguards. In this connection a number of points were mentioned, one being that there was scope for Canadian cooperation in the joint development of Canadian coal resources and the gasification of coal, a subject with which they are just as much concerned in their countries as we are in ours.

Some of us were a bit disappointed to hear them maintain, in spite of our arguments to the contrary, that while the CANDU system of generating electricity from nuclear power is, in theory, recognized as one of the best methods, it has so far not turned out to be the cheapest. I am not sure even now that they are correct in that assertion. They said, however, that the door is still open to discuss the possibilities of CANDU. They certainly did not discourage us from believing that as time goes on there will be useful discussions carried on with respect to the CANDU system.

They felt that people in the European Economic Community would look favourably at a joint venture with respect to the Alberta tar sands, but almost immediately added the comment that this would be most unlikely to come about unless there was complete security of investment.

I should like to conclude my remarks by pointing out, as did Senator van Roggen, that this framework agreement, or contractual link, is not so much an agreement about specifics, the specifics of trade, as a mutual recognition between the two parties that opportunities exist to develop an increased and increasing volume of trade between the Community and Canada. I agree with Senator van Roggen that a great deal of work will be needed on both sides, not only by governments but particularly by the private sectors. I want to emphasize, however, that such information as I was able to gain about it during this visit has convinced me that this is a real opportunity, and I agree with Senator van Roggen that continuing parliamentary contact is important and should be continued and strengthened.

Senator Greene: Would the honourable senator permit a question? You referred to the Community's agricultural policy and one of its fundamental pillars being security of supply. Does that connote security of domestic supply or does it leave

room for imports of such Canadian agricultural commodities as grain and beef?

Senator Smith (Colchester): My impression was that insofar as they can produce commodities themselves, they are talking about security of domestic supply. This is one of the things which is a pillar, as I understand it, at least, of their agricultural policies. Of course, they welcome imports if they need them, because they cannot produce them themselves.

● (1450)

I gained the impression—and Senator Greene, of course, will be far more familiar with this subject than I, due to his experience in the agricultural field while Minister of Agriculture—that all member countries regard their agricultural policies, and their agricultural industries, with a very jealous eye and are prepared to go to substantial lengths as individual countries to insist upon whatever financial support is necessary to make those agricultural industries produce as much as they require, if that is possible, of the various products which they are fitted to produce.

Senator Greene: Their concern is more with productivity and producers than it is with the price to the consumer, is it? It certainly appears to be the case in our country.

Senator Smith (Colchester): I do not feel I am qualified to answer that. I think they want to convey to us that their terms with regard to prices take adequate note of their endeavours to treat the consumer fairly; but I would not attempt to say how well that worked.

On motion of Senator Stanbury, debate adjourned.

NORTHERN IRELAND

EFFORTS TO PROMOTE UNDERSTANDING AND RECONCILIATION

Hon. Andrew Thompson rose pursuant to notice of November 16, 1976:

> That he will call the attention of the Senate to voluntary projects being undertaken to work towards understanding and reconciliation in Northern Island.

He said: Honourable senators, I rise with some trepidation to talk about certain projects which are being developed towards understanding and reconciliation in Northern Ireland. I am fully aware that the problems of Northern Ireland will be settled by the people of Northern Ireland, and when I made my visit there I did so purely as an observer, and on a personal basis. But I think the visit has aroused considerable interest on the part of Canadians.

I would like to emphasize that I went there, as I have said, on a personal basis; that I had no solutions to offer, and never intended to have any solutions to offer. It would be presumptuous of anyone to move into an area which has such a complex historical background and suggest that he might have some simplistic solution to the tragic situation that exists in Ireland.

I should perhaps clarify how I came to go on this trip. The Honourable Barney Danson, while in another portfolio, had asked me on a personal basis if I would assist two friends of his, women who were deeply committed to the cause of Ulster's children—one being Lady Patricia Fisher, and the other Mrs. Joan Robins—and who had started a trust fund supported by both Catholics and Protestants in England and Ireland. These ladies had travelled across the United States and managed to set up a separate trust fund there from which they are receiving money, and they are hoping that the same sort of thing might be developed in Canada. Their object is to raise funds to assist community projects which help to break down prejudice and distrust between different groups of children.

I am really reporting, as I said before, because of the compassionate interest on the part of many Canadians in the tragic events taking place in Ireland, and particularly in the effect that these are having on the children of Ireland.

I should say that before I visited the ladies of this trust in London I managed to persuade Clare Westcott—an executive assistant to Premier Davis—who was in London at the time, to come with me. I was very glad that he agreed to do so because he is a person of great enthusiasm and drive, and he will be assisting these ladies when they come to Canada.

The interest of Canadians in Ireland is, I think, understandable. The number of Canadians of Irish background amounts to something like 1.7 million, according to the 1971 census, and I suggest that about 1 million settled in Ontario. As I consider the length of time that the Irish have been in this country—and I realize that there are probably many in this chamber who have Irish backgrounds—I think of the book which was written by one of the Fathers of Confederation, Thomas D'Arcy McGee, in which he suggested that the first Irish to find permanent homes in Canada were those who had been banished from Barbados by Oliver Cromwell in 1649.

Immigrants from Northern Ireland, of which I am one, were arriving in substantial numbers as early as 1817, settling along the shores of Lake Ontario in towns like Prescott, Kingston, Cobourg, York and London. In fact, in the mid-nineteenth century the Irish in Canada outnumbered both the English and Scots. Those who have visited cemeteries in small communities throughout Ontario will have seen evidence of the hardship experienced by the Irish immigrants who came by ship in those early years. A Canadian Press report published in the Ottawa *Journal* in 1966 noted:

> The remains of 1,400 Irish immigrants were buried in a common grave at the rear of Kingston General Hospital. They were moved and reinterred at St. Mary's Cemetery yesterday. They had all died of a typhus epidemic shortly after their arrival in the early 1800s. Workmen had unearthed their remains to make room for a hospital extension.

I think all of us will recognize that the Northern Irishman has made his contribution to life in the New World. I do not know if honourable senators are aware that of the 39 presidents of the United States 11 definitely came from Ulster but, with the permitted exaggeration of the Irish, it is claimed that 15 came from Ulster, and that, considering the small popula-

tion of that northeastern corner of Ireland, is a rather astonishing figure.

Two weeks ago, when I was in Ireland, I stayed for the weekend near Enniskillen with the Brookeboroughs, the family of the son of the former premier, and I went on the Sunday to the family chapel. There the inscriptions on the walls record the dedicated service which generations of that family had given to the preservation of western civilization, names which I am sure all of us recognize. For example, Alanbroke is there. In that small country area other generals such as Montgomery and Alexander had lived.

I had better explain at the outset that my birthplace is Belfast, but my mother was born in Dublin. She spoke some Gaelic and went to Trinity College, I know, quite a little ahead of Senator Grosart—if I am allowed to say that. My father was from the north, and I understand that his ancestors had come to Ulster in the time of King James I. That is a little before the *Mayflower* reached America. Yet there are some who might suggest that an Ulsterman does not really belong to Ireland, which is a bit like saying the Cabots or the Lodges do not belong to Boston.

● (1500)

There is a pluralistic society in the island of Ireland. There are Ulster Scots, Anglo-Irish, non-Gaelic-urban and Gaelic-urban. I want to say frankly that my enthusiasm about going back to the land of my birth was not very great. My family had left Ireland when I was little more than an infant. I have been confused, revulsed and ashamed of the reports of violence between nominally religious groups in my motherland. It seems such a ludicrous and tragic strife in the 20th century. I was also ashamed of some of the strident and violent fanaticism of some northern Ireland spokesmen who have come to Canada to promote their particular causes. But then, prior to my going, I had read of the popular protests for peace throughout Northern and Southern Ireland—women who were uniting in peace parades through the ghetto areas, disgusted and fed up with the brutality that was taking place in their land. I became sure that what I had been reading about were mostly the voices of extremists, and that there must be a majority with the will to win over the thuggery of the extremists.

I do not intend to go through—and I would not be able to—all of the historical background of the problems in Northern Ireland, but I would say that when I left Ireland almost 45 years ago most of the Catholic minority in Northern Ireland had traditionally felt that they were discriminated against in employment in both the public and private sector, in housing, by gerrymandering of constituencies, and a restricted property vote which they considered was slanted favourably towards the betterment of the Protestant community. They saw no opportunity to participate in the government of Northern Ireland. A very small minority of the Catholics in the north and in the republic believed that guerrilla action against property and the British Army would lead to an all-Ireland federal state with the consent of the Protestants in the north.

On the other hand, the Protestants in Northern Ireland saw themselves as a beleaguered minority on the island of Ireland. They felt threatened by the Catholic minority, which they closely identified with the Republic of Ireland. They wanted to protect their "British" way of life against the danger from the minority, and from the republic.

Today, after seven years of guerrilla warfare in Northern Ireland, over 1,600 people have been killed. A recent report to the churches, entitled *Violence in Ireland*, suggests that between 5 and 10 per cent of the population were forced to evacuate their homes and move into ghettos of their own religious denomination. Inside these ghettos the streets were blocked off, and the people cut themselves off from the normal protection of law and order. Para-military power groups took over with kangaroo courts and provided the discipline in each area. People were tarred, feathered and tied to lamp-posts by the steps of churches so that the congregations could view the victims as they left. The particular IRA punishment, in order to maintain discipline in the ghetto, has been to shoot those whom they consider to be wrong-doers, whether women or men, through the kneecaps. Extreme Protestants take their victim to some abandoned home to be beaten. This report to the churches of Ireland describes one horrifying incident in which a woman was beaten to death while her child screamed outside the door.

The total number of personal injury claims represents one person in 60 of the whole population of Northern Ireland. There is clearly a much higher proportion for Derry or Belfast. At least one encouraging aspect to me is the fact that the report from which I have taken these grim statistics came from a joint working group of Catholic, Anglican, Presbyterian and Methodist churches and the Society of Friends.

I should say that after I had arrived in England and had seen both Lady Fisher and Mrs. Robins with Clare Westcott, I decided I would like to go to Dublin to see where my mother had lived, and also to hear the point of view of the people of the republic.

I met Mr. Ritchie and his first secretary, Mr. David Smith, in Dublin, and they arranged for the superintendent to show me through the Dail and Leinster House. He kindly introduced me to a number of the deputies of the Dail, and I found the people there warm and generous, and helpful in expressing their points of view concerning the troubles in the north. My talks were very informal, and it would be unfair and wrong for me to quote statements made by any of the deputies or members of Parliament, but certainly all expressed deep concern about the violence in the north.

Perhaps I could comment on the view of the Irish government with respect to the north, as explained to me by Mr. Hugh Swift, who is assistant to Mr. Garret FitzGerald. Incidentally, if any honourable senator would like to read a dispassionate and cool analysis of the problems of Ireland, and a sensitive presentation of possible solutions towards bringing about greater understanding, I would strongly recommend the book by Garret FitzGerald, *Towards a New Ireland*, or Conor Cruise O'Brien's *States of Ireland*.

• (1510)

I do not want to go at length into the historical background of the problem, which was outlined to me by Mr. Hugh Swift, but it was certainly refreshing, after my absence of 40 years, to hear his explanation of several points. The first was one that I had heard previously, as one does when listening to just one side, that the republic in a sense gave token sponsorship to the extremists going into the north. I am completely convinced that that is wrong, and has no basis of fact today.

Some of you may have noted the circumstances under which the President of Eire resigned. One of the reasons he resigned was because he had the emergency bill tested in the Supreme Court. This bill was harsher and more severe concerning the apprehension of IRA members than anything in the north of Ireland. I talked to Sir David House, the general in charge of the army in Northern Ireland, who confirmed to me the cooperation he is getting from the republic with respect to security. Indeed, he said the security he has at this time can and will be maintained, that they could operate within the existing process of law, provided the situation does not deteriorate. Therefore, I do not think the assertion that the IRA extremists get any kind of sympathy from the Irish government has any foundation whatsoever, and should not be considered.

Both the Republic of Ireland and Britain have indicated that the unification of Ireland, which the Irish Constitution, in Article II, includes as a long-term aim, can come about only if a majority in Northern Ireland desire it and show their desire by a ballot. The Prime Minister of Ireland, Dr. Garret FitzGerald, and other representatives who have come to America, in many of their speeches here, in Britain and in other countries, have stressed this fact. Let me quote Dr. Garret FitzGerald. He said in Chicago in 1975:

> The British presence in Ireland is no longer the basic issue. Britain declared formally two years ago (in 1973) that it would support Irish unity if a majority of the people of Northern Ireland accepted it. That makes it clear that in our day the problem of Ireland is one of the relations between Irishmen in Ireland . . . There are some who see things more simplistically and advocate reunification by force over the corpses of our fellow-Irishmen. At election after election they fail to win the support of more than a tiny fraction—six to seven per cent—of the Irish people. They claim to be working to "free" Ireland, but their chief victims have been other Irishmen.

In that same speech, speaking to the Americans, he said:

> You, as Americans, committed to democracy, will not easily accept a theory that is based on the nonsensical assumption that 95 per cent of the Irish people in Ireland in electing successive governments have all turned traitor to their country, and that only a small minority who are prepared to gun down fellow Irishmen in Northern Ireland are faithful to the high ideals of patriotism.

And yet, despite such manifestation of concern, I ran into deep-rooted suspicion among those in Northern Ireland. There are still those who consider that the Catholic minority is plotting the violent overthrow of any northern government in order to unify Ireland. From such suspicions arise major obstacles to the easing of tension in that section of the country.

There are many obstacles to overcome. One of the controversies has been about power sharing—in other words, the suggestion that if there is an administration or a government for Northern Ireland it is important that the Catholic minority should not only feel that they can participate but can actually be appointed so that they in fact do have some participation in their government. Some representatives of the Northern Ireland people suggested to me that they could never permit—as they put it—Catholics who would want to abolish the government of Northern Ireland to positions of authority. Why on earth, they argue, would they put them into positions of authority to destroy that government? Mr. Maudling of Britain, in trying to resolve the polarization of the extremist Catholic and Protestant sides—and the latter based on apprehensions they have about the Catholic minority in Northern Ireland—has suggested that when there is a Catholic minority representative appointed, then the individual appointed would have to affirm to two things: first, that he rejects the use of violence, and, secondly, that he accepts that the reunification of Ireland would come only with the consent of the majority.

I had the opportunity to meet a great number of politicians from every spectrum of Northern Irish society and, in general, I had a great respect for them. I think we should be aware that the situation there is one in which they risk not only their jobs when they try to overcome the obstacles of prejudice, but also their lives. Three senators have been killed during these troubles because of the moderate stands they have taken. Many others have suffered attacks on themselves, their families and their homes. I have great admiration for their work toward reconciliation, and the flexibility that many are showing in trying to solve this terrible problem.

In Stormont I had the privilege of meeting with Mr. Concannon, one of the junior ministers of the British Government. He impressed me with the drive and dedication he is bringing to his difficult job in Northern Ireland. I met with dedicated, courageous churchmen—bishops and clergymen. I met with Mr. Napier of the Alliance, which is a political group made up of Protestants and Catholics. It takes extraordinary courage to represent such a body. Mr. Fitt, who was the leader of the SDLP group, had faced personal danger; his family and his home had been assaulted. I met with former Unionist members who have shown moderation and a deep desire to understand the other person's viewpoint. I met with many ordinary citizens.

• (1520)

I met with, as I said earlier, Lord Brookeborough, who has represented the interests of Northern Ireland in the House of Lords, particularly with respect to investment for industries. He has also very clear ideas about what should be done in the way of security, and a concise understanding of the philosophy and role of terrorists in urban societies. He has studied the terrorist philosophy of Carlos Maragehlla. I should say that

when I talked to the government in Dublin they emphasized very strongly that a political solution could be arrived at hand in hand with the need for security.

I do not want to paint a completely black picture of a chaotic country, but I do want to speak of the immense efforts which are being made to engender a favourable climate for investment, to create new employment, and to attract more non-British firms to the area. The manpower training programs in the north of Ireland, with its labour force which is skilled and enthusiastic to work, are claimed to be the best in Europe. One aspect, for example, is the integrated work force they train. They will take a group of 12 or less for a small industry, and train them to work as a group before and after the factory is opened. I saw one of these at Tyrone Crystal. Incidentally, I should say that this is a crystal factory which has been started in the north of Ireland by Father Eustace. Father Eustace is a believer in cooperative methods, and he felt that there should be an integrated work force composed of Protestant and Catholic young people in Northern Ireland. He certainly must be an amazing person, because of the ability he has shown in getting concrete projects under way. He has started this and other industries in which the composition of employees is both Catholic and Protestant.

There are brand new factories to be provided which are rent-free for the first three years. I went to see some of these. After the first three years there is a very easy lease term of 21 years. There are generous tax concesssions. Indeed, a survey of nine EEC countries showed that Northern Ireland's concessions to medium-capital-intensive projects are the best. There are nearly 300 manufacturing firms which have located in Ulster during the past 20 years. These include such companies as Dupont, the Ford Motor Company which, when I was leaving, was making an expansion, Goodyear, Hughes Tool and Old Bushmills Distillery, which I should not forget. That is owned by Canadian interests, Seagrams, and no part of Ireland's industry and history should ever exclude a mention of Bushmills!

Everyone, I think, would agree that employment is one of the most important means by which to stabilize this problem area. I visited Shortt Brothers, again through the good services of Mr. Concannon, and saw the SD3-30, which is an aircraft for short distances—a commuter aircraft which will carry 30 passengers. I had some interest in that because for a short period I was the chairman of a regional airline. In my opinion, this is a first-class airplane, and three of them have been bought by Time Air Company in Lethbridge. The engine is made in Montreal, and I think we should all watch with interest to see just how effective will be its use in Canada.

When I went to Belfast it was a very sad experience for me initially. I went by train from Dublin, and there were very few passengers on it. I had been told I would be staying with a Quaker just on the outskirts of Belfast, and that when I got into a taxi I was not to speak at all to the driver, but just give the address and keep quiet until I got to my destination. I went through a scarred city, with bombed areas and empty boarded-up houses. It was an extraordinarily depressing sight for me. The person with whom I stayed was Mr. Sydney Stewart, who is the director of the Belfast volunteers. He directs a number of volunteers who work on projects in the ghetto areas.

I believe, honourable senators, you would find it hard to imagine just exactly how these areas have been taken over by what I would refer to as a Mafia-type criminal. The people have to use "black" taxis, for example, to go through these ghetto areas. Many regular buses have been bombed and the only way to get into these areas, unless you wish to walk, is to use one of these taxis. It will be driven either by a person who is acceptable to the Catholic area, or one who is acceptable to the Protestant area. The fares, I understand, are cheap, being about 10 pence for the trip. Mr. Stewart arranged for me to see some of the projects which the trust is financing. Lady Patricia Fisher had come with me, but was advised that she would not be allowed to go to some of these places because of the danger to her life.

I was taken, for example, into one ghetto area, down a small, dank corridor with small tenement houses on each side. The reason I could go down to the bottom of this street was that the volunteer who accompanied me was acceptable to them and was helping with their recreational program. No policeman, postman or taxi driver could venture down there without approval. When we got to the end we talked with a woman who was trying to start a recreation project in an abandoned warehouse for the children on this street. The reason that something is needed so badly in these areas is that the children will not leave the ghetto street area. The movie houses have been bombed and there is really no form of entertainment to which they dare go. So the trust has been attempting to start a number of these projects in ghetto areas. They have also got play buses, which will drive into these areas. I should say that none of these has been bombed as yet. They pick up some children and move into another area to pick up more, and try to get some type of recreational program going between the children. There are many other ways in which this trust is helping. These include community centres where people can get together on weekends and children, in particular, both Catholic and Protestant, can have a holiday and then return to their communities.

One of the things which certainly has raised hope for the north of Ireland has been the courage of the two peace women, Mrs. Betty Williams and Mrs. Mairead Corrigan, who have started marches there. These were started by one of the women who had, as I understand it, a nephew and two young nieces killed by a runaway army car, which smashed into the family as they were out for a walk. She was appalled at these senseless deaths, and at the funeral met a Catholic woman. The two of them decided that this murdering was going to stop, that they were going to stop this insane brutality by these savage criminals. So they decided to have a march through the ghetto areas.

● (1530)

Honourable senators really have to be in some of those areas to understand the courage it took for those women to lead such a march. The areas are such that a person of one particular

denomination cannot walk freely into them. If he does so his life is endangered. There are barricades erected between the areas to isolate and protect them.

Together with Lady Patricia, I went on a march with those peace women. I am very happy to say there was no incident on that particular occasion. We were going through an integrated area, yet it was probably one of the most emotional experiences of my life.

Different people come together from the various ghetto areas carrying signs printed with the names of their areas. Other people would readily recognize that an area was either Protestant or Catholic, but to me it all seemed quite strange. Others would cheer as the different groups were coming together. For many it was the first time that they had met others of a different religion in a common cause. As we marched together, I asked one person who was walking beside me, "Why are you on this march?" She replied that she had four young children, and that her husband had been shot about two years previously. I asked a man on the march the same question. He told me he had a 17-year old daughter who would never walk again because she had been shot in the back.

Those women, with the courage they have shown, are indeed creating a new climate, and certainly demonstrating to the world that there is a will to win, to bring back a civilized approach to Northern Ireland. I do not know for how long the marches will continue. Certainly there will be a need for many other approaches, but at least the march has struck a flame throughout the world. There is now hope that there can be a change of climate in Northern Ireland.

I had arranged to meet with the two women and Lady Patricia for lunch. On the day that we were to meet there was a tragic incident. I have here a newspaper with the headline "Drumm Funeral—'Car Bomb' Hoax." A Mrs. Drumm, who had been active in the IRA, had been in the hospital for treatment. Some criminals had entered the hospital disguised as doctors, and shot her through the head. On the day that I was to meet with the women from the peace movement, I learned that in retaliation a bomb had been placed in a children's hostel. Fortunately, it had been discovered.

The point I should like to emphasize is that I was made aware that there are well-meaning people across Canada and in the United States who feel that by making indiscriminate financial donations to any cause in Ireland they are helping to alleviate the situation. Unfortunately, in many instances their money is being used to finance this type of violence, this debased kind of criminality. Certainly there is no patriotism or idealism connected with it. The type of thugs who are perpetuating this vicious violence have been denounced not only by people on both sides in Northern Ireland, but by every civilized government throughout the world.

I make this plea because I know that even in Toronto, my own city, there are people who have suggested that the mythology of the fight against either the British or the IRA is something that is going to work to the glory of Ireland. Such people are staining and soiling the good name not only of Irish people in Ulster but of the whole of Ireland with that depraved kind of approach.

To meet with the two ladies I mentioned, I had gone to their organization's headquarters. If honourable senators saw the way their operation works, they would shake their heads in admiration. In order to get into their headquarters, one knocks on the door and rings the bell twice. Someone looks out from the third floor, and a small boy runs down to open the door. I went upstairs to the third floor—someone had donated the office—and sat with a Norwegian representative. The women had been recommended too late for the Nobel Peace Prize. However, the Norwegian government is giving them a generous sum to help them in their work.

Telephone calls were coming in from around the world, and volunteers take time off from work to answer the telephone. I said to one "What kind of things do you say?" She said "I enjoy doing this. It is so interesting hearing from all the people. I give them a little touch of the warmth of my heart when I speak to them."

Another lady was hammering away at a pile of correspondence in the "in" basket. I asked her whether she was one of the paid officials or secretaries, and she said "No, we are all volunteers. I do a bit of typing. I love answering some of the mail that comes in." I asked her if anyone supervised or checked her work, and she said, "No, but I can put some feeling and emotion in the replies I give."

After I met Lady Fisher with the peace women, we went to a modern pub, where I bought them a drink before lunch. We had just ordered our meal and were discussing how Canadians might be able to provide some help or support from across the water, when the bartender yelled at us to get out of the place, that a bomb had been planted. We dashed out—I dashed out as fast as my legs would carry me, and they were similarly quick—and I did not have an opportunity to conclude my discussion with them.

I am heartened by the fact that on this side of the ocean there are people who are trying to provide moral support and encouragement. I do not think that those brave women are the only answer. I do not think that the women feel that they alone are the answer to this terrible problem. But I do know that they represent one answer, in that they represent a clear clarion call. There is a sense of decency and courage now displayed by the people of Northern Ireland, and a new hope and feeling that the murder and brutality of criminal extremists will soon come to an end.

I would say, Madam Speaker, that it will be my privilege to help Lady Fisher and Mrs. Robins when they come to Canada. The Ontario government has arranged a luncheon for them in Toronto next Tuesday, which will be hosted by the Honourable Margaret Scrivener. I had hoped there would be an opportunity for a luncheon for them here, which would enable honourable senators to meet them. However, with the adjournment of the Senate next week, that might not be possible. The Honourable Jeanne Sauvé has shown great interest, and she is plan-

ning a luncheon for the ladies when they visit Ottawa on Thursday.

● (1540)

Honourable senators, I thank you very much for having spent the time in listening to me. I would say that I went on this visit with some hesitancy and some skepticism. I came back filled with hope for peace in Northern Ireland.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this inquiry is considered as having been debated.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 30, 1976, at eight o'clock in the evening.

Perhaps I may be allowed a word of explanation? The reason behind this motion is that there is no work before the Senate. We were promised last week that some legislation would come to us from the other place, but that promise has not materialized. In the circumstances we have no alternative but to adjourn until some legislation does come to us. During the adjournment the Senate is, of course, subject to recall should there be legislation for our consideration.

I wish also to inform the house that all committee meetings previously scheduled for next week have been cancelled. The only exception, although there is no certainty in this respect, is that the Standing Joint Committee on Regulations and other Statutory Instruments might be called to meet next week.

Senator Grosart: I wonder if I might ask the deputy leader what the situation will be if by Tuesday, November 30, we still have no legislation before us.

Senator Langlois: I am afraid we will have to return on November 30, because we cannot advance the date for resuming; we can only return sooner, if need be.

Senator Grosart: Can the deputy leader give us any indication of the kind of legislation which might in the near future be introduced in the Senate? The Leader of the Government assured us some time ago that there was such legislation contemplated. It seems surprising that this far along in the session it has not been possible to bring forward some of the legislation that can be introduced here.

We are aware, naturally, of the fact that money bills cannot be introduced here, and that the bills for which we are now waiting are largely money bills. But can the deputy leader give us some indication of the possibility of legislation being introduced in the Senate so that we will not be in this quite ridiculous situation one week from now?

Senator Langlois: Honourable senators, I have had many discussions today with people in the Privy Council Office, and parliamentary secretaries and ministers. I have been told that it is quite possible that we will receive the Maritime Code before November 30. Some of the more contentious clauses in that code, which was introduced in the other place during the last session, have been suppressed for the time being, and it is quite likely that this bill will now be split and that part of it will come to us before we return on November 30. However, that is the only piece of legislation which is likely to come to us at this time.

Motion agreed to.

The Senate adjourned until Tuesday, November 30, at 8 p.m.

THE SENATE

Tuesday, November 30, 1976

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE LATE HONOURABLE MICHAEL G. BASHA

TRIBUTES

Hon. Raymond J. Perrault: Honourable senators, we were all saddened to hear of the death last Friday of our colleague, Senator Michael Basha. He was our fourth longest serving senator. For over 25 years he served the Senate with distinction and devotion.

Senator Basha was a successful businessman in his beloved Newfoundland before being summoned to the Senate in 1951. He brought with him a shrewd business sense and a compassionate nature, which was a combination which worked well for Newfoundland, Canada, and certainly for the Senate.

He was not a man to thrust himself into the limelight. Instead, he was a person who went about his senatorial duties with quiet diligence. He rarely missed a sitting of the Senate and could be relied upon to answer any request. But the measure of Senator Basha can be taken from the fact that he leaves behind many friends on Parliament Hill. He was a kindly human being, generous in deed and, more important, generous in spirit. I am sure that all honourable senators will wish to join me in expressing our sympathy to his wife, Winifred Mary, and his three children.

Hon. Jacques Flynn: Honourable senators, Senator Mike Basha was a businessman, a man of action and achievement, a man of ideas-put-to-work. His highly successful business career bears eloquent testimony to the fact that he was an imaginative and resourceful entrepreneur.

He served his fellow countrymen by providing them with the goods and services they needed. And like many other businessmen, he was laconic. How frustrated and impatient he must have been with us at times. I wonder now how often he must have felt like saying, "Will you all please shut up and get on with it."

He valued an exchange of ideas, but he had little patience with those who tried to cover up their lack of imagination and analytical ability with a torrent of words. Senator Basha respected the power of words and the gift of fluency; he respected them enough not to misuse them. Nothing annoyed him more than waste. And waste in government annoyed him most, because the sin was compounded by the fact that those guilty of waste were also guilty of a breach of trust.

He was a hard-nosed businessman with a great capacity for work. He set very high standards for himself but this did not prevent him from being kind, considerate and mild-mannered with others.

Mike Basha was a perfect gentleman. He spoke ill of no one and sought always to help those who were in need.

On behalf of the opposition, I extend to his wife and children our most heartfelt condolences.

Hon. Eric Cook: Honourable senators, I am sure we are all sad to hear of the death of our colleague, Senator Mike Basha. Mike, as he was affectionately known to everyone, was a gentleman and a kind and generous friend to the members of the Senate and to the staff from the senior to our youngest page.

● (2010)

The Basha name is an honoured one and highly regarded everywhere in Newfoundland, but particularly so on the west coast where he was for so long a deeply respected business and community leader.

I join with all other senators in expressing my sincere sympathy to his widow and family on the loss of a dear husband and father.

Hon. William J. Petten: Honourable senators, I should like to associate myself with the remarks of the previous speakers.

I first heard of Senator Michael Basha through the children of friends of mine in Corner Brook, Newfoundland. This was in the years before Newfoundland joined Canada, and at that time Senator Basha was one of the foremost businessmen on the west coast. Among his enterprises was a movie theatre, and it was not uncommon for Uncle Mike, as the children called him, to be near the entrance on a Saturday afternoon, and children who did not have the price of admission were quietly ushered in by this kind and generous man. He was, and always had been, very thoughtful of everyone he came in contact with.

Never one to seek the limelight, Senator Basha preferred to remain in the background. He was active in all community affairs in his native city, and on his arrival in Ottawa and over the past 25 years he made a wide circle of friends who will miss him greatly.

I am sure that all his friends in this chamber and outside join me in expressing sincere sympathy to his dear wife, Winifred, and his family.

Hon. Chesley W. Carter: Honourable senators, I also want to associate myself with the tributes that have been paid to our late colleague, Senator Basha, and to join in the expressions of sympathy to his bereaved wife, family and relatives.

Senator Basha was the senior senator from Newfoundland. He served for nearly 26 years as a senator and was a most faithful attendant in this chamber. A survey taken last year

covering the last session showed that he had the best attendance of all, having missed only two out of 211 sittings.

At the time Senator Basha was appointed to the Senate I was a sitting member of the House of Commons, and over the years we became very close friends. His experience of the fisheries and of Newfoundland generally was of great help to members like myself, and to other members of Parliament, especially the member who represented his own area.

As other senators have said, Senator Basha had many sterling qualities. I think the three most outstanding were his modesty, his generosity and his kindness. If I were to add a fourth I would mention his ready wit and great sense of humour. He was a man of considerable talents but, as other senators have pointed out, he always shunned the limelight and constantly hid his light under a bushel. No one will ever know the good that Mike Basha has done, because wherever possible it was done in such a way as not to attract any attention.

He was a very kind and compassionate man, and no one needing help ever went away from him empty-handed. He was generous to the extreme. He was a leader in his own community of Curling, and was always the pace-setter in supporting good causes. He gave as generously to other churches as to his own.

Senator Mike Basha was a very successful businessman. He was one of a vanishing breed that we can ill afford to lose. He put as much thought and energy into furthering the interests and welfare of others as of his own. He was constantly employing his ingenuity to create jobs and put the extra dollar in the hands of the fishermen who depended on him for supplies and the marketing of their products. His reputation for honesty and fair dealing was such that his name was a household word all along the northern half of the west coast of Newfoundland, from Curling to the Strait of Belle Isle.

As a result, in his own quiet way he exerted a tremendous influence on the fishermen in this area, who trusted him and looked to him for advice. When the question of Newfoundland's joining Canada came up he quietly let it be known that he strongly supported Confederation because he thought it would be better for the ordinary Newfoundlander, even though it might not be in his own best interest as a businessman.

Honourable senators will recall that the margin of votes in favour of Confederation was very small. Bearing in mind that the small fishing communities along the west coast of Newfoundland voted solidly for Confederation, I think it is reasonable to infer that, apart from former Premier Smallwood, no single individual exerted more influence in favour of Confederation than did Senator Basha.

Now he is gone and we have all lost a very dear friend, and both Newfoundland and Canada are the poorer for his passing.

[*Later:*]

Hon. Frederick W. Rowe: Honourable senators, may I have leave to say a few words of tribute to my late friend, Senator Basha?

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Rowe: For the second time in the past two weeks my plane was two hours late in reaching Ottawa. The result was that I was not present for the earlier part of this sitting. I understand that the Leader of the Government, the Leader of the Opposition, and some of my Newfoundland colleagues paid tribute to Senator Michael Basha. I shall not delay the Senate unduly, but I should like to take this opportunity of saying that I knew Mike Basha as a great Newfoundlander and a great Canadian.

Honourable senators may already know that Senator Basha came to Newfoundland from Lebanon as a small child. His family settled in Newfoundland and at that time it was not an easy matter to eke out a living there. However, they prospered, and Mike Basha became part of a small but very influential Lebanese community in Newfoundland that has made a tremendous contribution to that province and to Canada.

I did not know Senator Basha intimately until I came to the Senate. He lived on the west coast and I live on the east coast. Also, he was a generation ahead of me. It so happens that my wife's family belong to the west coast and were in business there for well over 100 years. They had intimate business associations with Michael Basha, particularly in the export of codfish and herring.

I often recall hearing my father-in-law say that the only agreement he ever had with Mike Basha was by means of a handshake. Senator Basha was noted for his modesty, his loyalty, and, above all, his integrity. He once said to me that Newfoundland was good to him. May I say that Mike Basha was good for Newfoundland and for Canada.

THE LATE E. RUSSELL HOPKINS

TRIBUTES TO FORMER LAW CLERK AND PARLIAMENTARY COUNSEL

Hon. David A. Croll: Honourable senators, Russell Hopkins passed away on Tuesday, November 23. For 20 years he was Law Clerk and Parliamentary Counsel of the Senate, and he resigned in January of this year due to ill health. He had a very interesting career. He was born in Moose Jaw and lived most of his adult life in the east, yet he remained a westerner in spirit and outlook. To him, Moose Jaw was always the greatest. And who would deny him? His father had been the member of Parliament for Moose Jaw.

Russell Hopkins graduated in law from the University of Saskatchewan and continued his studies at the University of Toronto. He proceeded to study at Harvard, and then at Oxford as a Rhodes Scholar. After graduation in the early thirties he lectured at the University of Toronto, then at the University of Saskatchewan. For five years following that he served in the Air Force, being discharged with the rank of wing commander. After the war he joined the Department of External Affairs, having special dealings with United Nations problems, which is where I met him. We were then excited by the prospects of the United Nations, which was one of the

interests that I had at the time. We discovered that we had mutual wartime friends.

In 1949 he became Deputy Clerk of the House of Commons, of which I was then a member. The work was heavy, the responsibility great and the pressure constant. He discharged his duties with credit.

● (2020)

In 1956 he became Parliamentary Counsel to the Senate. That position was considered in legal circles then, as it is considered now, to be a plum, a very prestigious position, and he held it for 20 years.

He believed in the Senate; he believed in the institution, and he appreciated the members of the Senate. He respected the high position of senators. He wrote about the Senate in a book entitled *Confederation at the Crossroads: The Canadian Constitution.* He began it in the following way, which gives us some idea of the character of the man:

> The writing of this book was undertaken as a sort of personal Centennial project. As it turned out, the Centennial Commission agreed that the undertaking was timely: I am duly grateful for the encouragement and financial assistance provided by the Commission.

Chapter 14 of the book is a gem, and when from time to time inquiries are received about the Senate, those who know about the book immediately have it copied and sent out with the explanation that it is the latest authority on the Senate.

Russell Hopkins not only wrote about the Senate, but also provided material for other people to write. He wrote not only a book, but also magazine articles.

He rose high in his profession. There is in the city of Ottawa a legal brotherhood of constitutional experts. In the Department of Justice, the Department of External Affairs, the House of Commons and the Senate there are men who are experts in their field, and they carry on their work morning, noon and night. They live with it. Russell Hopkins was not the least among them. They discuss questions among themselves, and Russell Hopkins was often consulted and his opinions were seldom disregarded.

He had also another attainment. He was a superb draftsman of laws and documents. That is a rare attainment. He had an excellent knowledge of language. He knew how to use words, and he had a prodigious memory. From time to time he expressed the view that if one wrote in a slovenly fashion, one must be thinking in a slovenly way. He had the ability to substitute a phrase for a sentence and a sentence for a paragraph, and make the whole more meaningful and expressive.

He was very helpful to honourable senators who from time to time took the opportunity to call for his services. At times he was unable to provide help in the way we wanted, but somehow he was always able to do it in such a way as to satisfy us.

He was a kind, considerate man, who made friends of acquaintances and never lost a friend. He served his country in peace and in war with distinction. He was dedicated to his country, and was a credit to it. His objective in life was to preserve justice. That was his sense of duty. In many ways he was a dreamer. His was a proud, constructive career, and an example to those who follow.

He leaves behind his wife, four sons and a daughter, and eight grandchildren. To them we extend our deepest sympathy.

Hon. Eugene A. Forsey: Honourable senators, I should like to add my small postscript to the eloquent tribute which Senator Croll has just paid to Russell Hopkins. I should like to do so, first of all, as a friend to whom he showed many kindnesses. Not the least of them was that when he wrote a pamphlet, so far unpublished, on the Senate—a most admirable piece of work in every way—he was kind enough to say he hoped I would write an introduction to it. I have seldom received a more notable compliment than I considered that.

I should also like to pay tribute to the great services which he rendered to the Standing Joint Committee on Regulations and other Statutory Instruments, far beyond the call of duty. He was really responsible for drawing up the criteria by which that committee undertakes to judge the documents which are submitted to it. He spent an immense amount of time on that. He also volunteered to come over to England at the time when I, as chairman, and two of our staff went over to observe the proceedings of the corresponding committee in the United Kingdom. He did that simply on his own and not at the expense of the committee at all, and he was most valuable to us. I grew to have a very special admiration and affection for him during that trip that we made together to the United Kingdom.

I could not begin to add anything more than that to the splendid tribute which Senator Croll has paid to Russell Hopkins, but because of the very special friendship which he extended to me and the great services he rendered to our committee, I wanted to add that small postscript.

Hon. Lionel Choquette: Honourable senators, I knew Russell Hopkins many years before I entered this chamber, because his cottage was situated some six miles away from mine, and my children and his children were brought up together. They learned together how to water ski and to swim, and when I entered this chamber we were already good friends.

He raised four boys and a girl, and he lived for his family. He gave them all a good education, and he lived to see them all well established in life and all well married.

Beyond the talent, beyond the wide learning and ready wit, beyond the Rhodes Scholar and the outstanding constitutional expert, yes, beyond and behind the cloak of accomplishments and erudition he wore so lightly, was the real Russ, the Russ I knew and the Russ I loved, a man of deep compassion, a compassion that nourished itself on the bread of the spirit in order to serve every person he met.

Russ was a deeply religious man. His religion was not the conventional type that needed to belong to a particular denomination, but the prophetic type that needed to belong to the truth. Yes, Russ loved the true and the good and the

beautiful, and because of this abiding love, he possessed a profound inner authenticity.

His daughter Carol—who is the youngest of the family—whom he loved with special affection, caught her beloved father's authenticity when she once said with the simplicity of a child, "Daddy, you should have been a judge. You'd acquit everyone". Yes, indeed. Russ did acquit everyone. He pleaded everyone's cause; he saw through the sham of self-importance and the shoddiness of self-righteous judgment. He often repeated that "we see through a glass, darkly," and he always gave every person the benefit of the doubt. He knew in his inner being, "There but for the grace of God, go I."

• (2030)

His mind was not troubled about whether there were three persons in one God or three Gods in one person, because he sensed in his authentic inner spirit that what mattered was love. We must love one another as the Divine Master loved us. He did not talk about God; he lived God.

He lived God with a mind always open to truth in its ever-ambivalent kaleidoscopic patterns, with a loving heart always in search of the good, with his whole gentle being always attentive to the deep beauty that lies at the heart of our scarred human existence.

Many will remember him as a scholar, a renaissance humanist amidst a massive dehumanizing twentieth century, a Thomas More or an Erasmus or a Vives, the author of a legal classic on the Canadian Constitution, a great Canadian, the historic pride of Moose Jaw.

As Senator Croll has already mentioned, besides writing several essays on constitutional matters published in law journals, he wrote two books, one entitled *How Parliament Works,* which has been a textbook in every Canadian secondary and primary school since its publication, and another entitled *Confederation at the Crossroads,* which can be found in every university library in Canada today.

I will remember him as a dear friend, a loving father, a gentle human being, the good Samaritan of the spirit, always ready to bind wounds, always ready to heal with a witty word and a serene smile, always ready to point to the good and the true and the beautiful in all circumstances and in all persons.

In Newman's words, he has passed from shadows to reality. And though I will miss him dearly, I will miss him with a happy memory and a deep hope—a happy memory of God's most gentle creature of this century; a deep hope that one day we will all join Russ in the absolute future he now enjoys, where he no longer needs to chide us to make us kind, where he no longer sees through a glass darkly, where he now sees face to face our Master, who is the absolute truth and goodness and beauty Russ served so generously while he walked the earth.

Dear senators, God bless our friend Russ Hopkins, scholar, good Samaritan, a great educator who could easily have been dean of any law school in this country, a man born for friendship.

Hon. Raymond J. Perrault: Honourable senators, the words expressed this evening have been both eloquent and moving. I shall not attempt to duplicate them. You will not need reminding again of the valuable contribution Mr. Hopkins made to this chamber. He was a veritable fount of wisdom. Like many others, I benefited greatly from his advice and good sense and his wise and generous guidance. Again, I join all honourable senators in extending condolences to his wife and his family.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report regarding the accuracy of Gross National Product Figures, dated November 15, 1976, issued by the Minister of Industry, Trade and Commerce, Minister responsible for Statistics Canada.

Copies of Progress Report on the Measurement of Performance in the Public Service of Canada, issued by the President of the Treasury Board on November 17, 1976.

Copies of Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. The Corporation of the Town of Dryden, Ontario and the Executive, Staff and Supervisory groups, dated November 8, 1976.

2. Dryden Athletic and Recreation Commission, Dryden, Ontario and the Supervisory and Staff groups, dated November 8, 1976.

3. Dryden Municipal Airport Commission, (Ontario) and the Supervisory Group, dated November 8, 1976.

4. C.I.S. Limited (Co-operative Insurance Company), Regina, Saskatchewan and their Vancouver, British Columbia Clerical Group, represented by the Office and Technical Employees Union, Local 15, dated November 8, 1976.

5. Peterborough County—City Health Unit, Peterborough, Ontario and the Public Health Nurses Group, represented by the Ontario Nurses Association, dated November 12, 1976.

6. The Cultus Lake Park Board and their staff, dated November 12, 1976.

7. Trillium Villa Nursing Home, Sarnia, Ontario and the employees represented by the Christian Labour Association of Canada, dated November 23, 1976.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between The Department of Treasury Board, Government of New Brunswick and the group of its employees which includes the New Brunswick Provin-

cial Court Judges and the Chief Judge of the Provincial Court of New Brunswick. Order dated November 12, 1976.

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1976, pursuant to section 61(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with a Conspectus of the said Report.

Report on the administration of the Industrial Research and Development Incentives Act for the fiscal year ended March 31, 1976, pursuant to section 17 of the said Act, Chapter I-10, R.S.C. 1970.

Copies of document entitled "Proposals to correct certain anomalies, inconsistencies, archaims, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other Acts subsequent to 1970", issued by the Department of Justice.

Copies of document entitled "Progress Report on Financial Administration in the Public Service of Canada", issued by the President of the Treasury Board.

Revised Capital Budget of the Northern Canada Power Commission for the fiscal year ended March 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970 together with copy of Order in Council P.C. 1976-2455, dated October 7, 1976, approving same.

Capital Budget of Northern Canada Power Commission for the fiscal year ending March 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1976-2456, dated October 7, 1976, approving same.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. The Government of Canada (Treasury Board) and the Agricultural Group of the Federal Public Service of Canada, represented by the Professional Institute of the Public Service. Order dated November 16, 1976.

2. Anthes Equipment Limited and the group of its warehouse employees at Burnaby, British Columbia, represented by Teamsters Local 213, an affiliate of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America. Order dated November 18, 1976.

3. The London Public Utilities Commission, Ontario and the employees represented by the Canadian Union of Public Employees Local 4. Order dated November 18, 1976.

Copies of Text of Order in Council, issued by the President of the Treasury Board on November 22, 1976, appointing H. Marcel Caron, John Edwin Hodgetts, Allen Thomas Lambert and Oliver Gerald Stoner Commissioners under Part I of the Inquiries Act to inquire into and report on financial organization and accountability in the Government of Canada (Mr. Allen Thomas Lambert, Chairman).

Revised Capital Budgets of the Cape Breton Development Corporation for the fiscal year ended March 31, 1976, pursuant to sections 21 and 26 of the Cape Breton Development Corporation Act, Chapter C-13, R.S.C., 1970, together with copy of Order in Council P.C. 1976-2025, dated August 5, 1976, approving same.

Capital Budgets of the Cape Breton Development Corporation for the fiscal year ending March 31, 1977, pursuant to sections 21 and 26 of the Cape Breton Development Corporation Act, Chapter C-13, R.S.C., 1970, together with copy of Order in Council P.C. 1976-2027, dated August 5, 1976, approving same.

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1976, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

Copy of letter to the President of the Treasury Board from H. Marcel Caron, C.A., relating to his situation vis-à-vis the Royal Commission of Inquiry on Financial Organization and Accountability in the Government of Canada, dated November 25, 1976. (English text).

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. The Essex County Board of Education and the group of its secondary school teachers represented by the Ontario Secondary School Teachers Federation District 34. Order dated November 23, 1976.

2. MacMillan Bloedel (Alberni) Ltd., and the group of its employees represented by the Office and Technical Employees Union Local 15. Order dated November 22, 1976.

Copies of letters relating to the invoicing practices of Polysar International S.A., a Swiss subsidiary of Polymer Corporation Limited, from—

(1) the Auditor General of Canada to the Prime Minister of Canada, dated March 22, 1973;

(2) the Correspondence Secretary of the Prime Minister of Canada to the Auditor General of Canada, dated March 26, 1973; and

(3) the Prime Minister of Canada to the President of the Treasury Board, dated March 27, 1973.

(English text).

Supplementary Estimates (C) for the fiscal year ending March 31, 1977.

Report of the Postmaster General respecting Olympic coins for the period ending September 30, 1976, pursuant to sections 13(2) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

Report of the Minister of Finance respecting Olympic coins for the period ending September 30, 1976, pursuant to sections 13(1) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

Copies of correspondence respecting patriation of the Constitution between the—

(1) Premier of Manitoba and the Prime Minister of Canada, dated October 21, 1976 and November 17, 1976; and

(2) Premier of Prince Edward Island and the Prime Minister of Canada, dated November 10, 1976 and November 17, 1976.

Copies of Telex from the Prime Minister of Canada to the ten provincial First Ministers, dated November 23, 1976, respecting the next Federal-Provincial Conference of First Ministers.

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (C) laid before Parliament for the fiscal year ending the 31st March, 1977.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, December 1, 1976, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (2040)

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

REPLY FROM PREMIER OF QUEBEC—QUESTION

Senator Flynn: Honourable senators, may I ask the Leader of the Government, in view of the fact that he has just tabled the telex to the premiers of the provinces in connection with the federal-provincial conference to be held in December, if a reply has been received from the Premier of Quebec?

Senator Perrault: I am pleased to report that there is every indication that all premiers will attend that conference, and hopefully the meeting will proceed in a spirit of cooperative federalism.

Senator Flynn: I am not asking for the wishes of the Leader of the Government. My question is as to whether a reply has been received from the Premier of Quebec.

Senator Perrault: It is my understanding, Senator Flynn, while I have not seen the communication personally, that a positive reply has been received from the new Premier of that great province, la belle Province de Québec.

EUROPEAN PARLIAMENT

VISIT OF CANADIAN PARLIAMENTARIANS—DEBATE CONCLUDED

The Senate resumed from Thursday, November 18, the debate on the inquiry of Senator van Roggen, calling the attention of the Senate to the visit of Canadian Parliamentarians to the European Parliament from 13th to 16th September, 1976.

Hon. Richard J. Stanbury: Honourable senators, I appreciate the opportunity of participating in this debate. This is the sort of report which comes from a parliamentary delegation, and sometimes is left just as "the report", without further comment.

I should like to begin by congratulating the Honourable George van Roggen, the Chairman of the Standing Senate Committee on Foreign Affairs, who was also the co-chairman of the delegation of Canadian parliamentarians to the European Parliament in September of this year. He and the Honourable John Roberts—and I notice that Mr. Roberts, after he was elevated to the cabinet, was ably succeeded by Mr. Jim Fleming, M.P.—did a remarkable job of leading the Canadian delegation, of asking the right questions, and developing the best possible answers to the European questions concerning our closer relationship with the European Community.

I thought I should participate in this debate because of some special opportunities I have had for involvement with people of the European Community and the European Parliament, through both trade and political associations. Those opportunities have come about because of the affiliation of the Liberal Party of Canada with an organization called Liberal International and because of the fact that I am a vice-president of that organization.

I appreciate that almost nothing is known about international political organizations in Canada. Generally speaking, we have been quite isolationist in our partisanship. However, over the past few years, both the Liberal Party and the New Democratic Party in Canada have developed close associations particularly with European parties of the same political philosophy and persuasion. I am uncertain whether the Conservative Party of Canada has developed a similar association. I notice that Mr. Broadbent, the Leader of the New Democratic Party, has just been appointed Vice-President of Socialist International. I also noted with interest that our parliamentary delegation to the European Parliament met separately

with the Conservative, Liberal, Christian Democrat and Socialist groups in the European Parliament. I think it is fair to say that those groups have been spawned by the various party international organizations, and that it has been the international organizations which have done the homework and the preparatory work toward the development of the European Parliament and indeed the whole thrust toward European economic, and eventually political, integration.

I think it is also fair to say that the personal relationships which have been developed through our interest in international political organizations have facilitated the negotiations toward the contractual link of which Senator van Roggen and Senator Smith have already spoken in such favourable terms.

Socialist International is headed by Willy Brandt, and Liberal International is headed by Gaston Thorn, the Prime Minister of Luxembourg, who has just completed a term as the Chairman of the General Assembly of the United Nations, and who was prior to that the Chairman of the European Economic Council. The personal friendships which have been developed with such key figures can only be helpful to Canada.

I first met Gaston Thorn in 1969 at a Liberal International Congress. At that time the President of Liberal International was Walter Scheel, who is now the President of West Germany. Mr. Thorn was a parliamentary delegate from the Liberal Party of Luxembourg. Each time we have met since then he has occupied a higher and more prestigious post, and there is probably no politician more central to, or more highly respected by, the European parliamentary community than the Right Honourable Gaston Thorn. Through the Liberal International association he has become a close friend of our Prime Minister and of Canada.

He was kind enough to speak directly to the Canadian delegation at the Liberal International Congress in Brussels in September. He persuaded them of the absolute necessity of Canada's playing a greater role in international politics and assuming a leadership role in the encouragement of the people of the world to maintain democracy, or to restore it where that is a practical possibility. To give substance to that challenge, the Honourable Martin O'Connell of Canada has been appointed to represent Liberal International on a joint committee of Christian Democrat International, Socialist International and an ad hoc committee of American Congressmen to organize an international conference on human rights during the spring of 1977.

I appreciate that this is somewhat tangential to the subject of the debate, but I felt that you should know that the various party groupings in the European Parliament are backed up by federations of the political parties at the national level which give the parliamentary group the necessary organizational and policy support, and those federations in turn are affiliated with international organizations which provide to other countries, including Canada, an opportunity for a first-hand insight into the problems and the techniques of progress of the European Parliament and the European Community.

While Europeans have looked to Canada for their model in building a federation of states, it may be we who should now be looking to them to find the models which will permit us to continue to build a nation. We have many of the same problems that the Europeans are facing in building their federation—differences of language, differences of economic strength, wide differences of political philosophy, and differences in culture. The European Parliament must represent the nine members of the European Community—Belgium, Denmark, France, Germany, Italy, Ireland, Luxembourg, the Netherlands and the United Kingdom. To do so it has five different political groupings—the Christian Democrats, the Socialists, the Liberals, the Conservatives and the Gaullists. In addition, there are communists from Italy and France. Debates are carried on in not only French and English, but in Danish, Dutch, German and Italian.

There are grave economic disparities as well, much more vivid than the disparities between Newfoundland and British Columbia. Italy has had to have huge loans—$15 billion—from the international community, and particularly from its European partners. But now similar claims are being made by Britain, Holland and Belgium, and even by France. Germany has had to become the "paymaster" of Europe, and I think we in Canada well understand the strains which that can cause.

There are many national problems which spill over into the considerations of the Parliament of Europe. While there is a great thrust in Europe generally toward a greater economic and political union, there are nationalist forces in each of the countries fighting hard against that thrust. There are problems of political instability in various countries. The situation in Italy finds a government maintained in power simply by all the opposition forces refusing to vote non-confidence. There is an ever-present threat that Italy or France, or both, will, by electing Communist governments, effectively "separate" from Europe before they are truly joined. And yet the Europeans press on towards political integration by intending to create by 1978 an elected parliament. How are they able to maintain their purpose and optimism in the face of all of these problems, while we quake and squirm and whine at our relatively simple need to accommodate to each other and to reconfirm our brotherhood of 109 years?

● (2050)

If a Frenchman and a German can feel at home in a Europe which includes both their countries, after wars and military occupations, murders, tortures and rapes, and all manner of injustices inflicted one upon the other over hundreds of years, surely we have not the slightest excuse for refusing to make the relatively insignificant adjustments we have to make in our attitudes to live together in harmony and equality. If Europe can succeed, honourable senators, we have no excuse for failure.

Hon. Senators: Hear, hear.

The Hon. the Speaker: As no other senator wishes to participate, this inquiry is considered as having been debated.

SCIENCE POLICY

APPOINTMENT OF SPECIAL COMMITTEE

Hon. Maurice Lamontagne moved, pursuant to notice of November 30, 1976:

> That a Special Committee of the Senate, to be known as the Special Committee of the Senate on Science Policy, be appointed to consider and report on Canadian government and other expenditures on scientific activities and matters related thereto;
>
> That the committee have power to engage the services of such counsel and clerical personnel as may be necessary for the purpose of the inquiry;
>
> That the committee have power to send for persons, papers and records, to examine witnesses, to sit during adjournments of the Senate and to report from time to time; and
>
> That the committee be authorized to print such papers and evidence from day to day as may be ordered by the committee.

[*Translation*]

He said: Honourable senators, as many senators already know, the Senate has approved the amended terms of reference of the committee, as described in the present motion. Although this motion will only have the effect of prolonging and terminating the terms of reference already set for the committee, I want to take this opportunity to make a brief report on the work made by the committee in the last months.

[*English*]

While the new mandate which was authorized last year by the Senate for the committee is very broad, it was understood when it was first approved that the new inquiry would concentrate on changes which have occurred in the area of science policy since the committee held its first series of hearings in 1968 and 1969, on what had happened to the more than 80 specific recommendations contained in the committee's previous report, and finally on the development and coordination of this new field of research which is now described generally as future studies within the federal government.

In the light of this more specific mandate, I wrote in September of 1975 to all government departments and agencies, to universities and to those professional and trade associations which had appeared before the committee in 1969, inviting them to submit briefs and suggesting the topics to be covered. In October I sent a detailed questionnaire regarding future studies to government agencies and to private firms most likely to be involved in this kind of research. Because of the time required to prepare briefs, the committee was not able to begin its public hearings before December 4 last year. Moreover, it was practically impossible to schedule more than one hearing a week. As some honourable senators will recall, it was even impossible on several occasions to respect that schedule. Fortunately, members of the committee realized that this process was much too slow and decided that they should sit during the adjournment. The committee met during six days in August and September, for as much as seven hours a day, thus accomplishing an amount of work which otherwise would have required three months or more according to our normal schedule.

The attendance at those summer meetings was very good, and I want to express my gratitude, as chairman, to the members of the committee who were present during those two weeks, but who also had taken the additional time to read the briefs in advance and to prepare questions. We will need six or seven more meetings to complete our hearings. Up to now we have heard 31 organizations, and we have accumulated about 1,300 pages of evidence.

I am convinced that this new series of hearings has already proven to be most useful. We have been able to see that many recommendations made by the committee in 1972 and 1973 had been accepted by the government, and how they had been implemented. For instance, the substance of the new budgetary procedure that we had recommended for the review assessment and approval of proposed science expenditures is now being followed by the government. The substance of our proposals regarding the reorganization of the granting councils will be presented, at last, by the government to Parliament during the current session.

Moreover, we have been able to observe that the mere decision on our part to revisit the field of science policy has induced government departments and agencies to implement a number of our other recommendations which otherwise might have been forgotten. Renewed external threats are often the best way to get action from entrenched bureaucracies. This is where, more particularly, Senate committees can have a much greater and lasting impact than royal commissions.

Finally, we have been able to realize also that the failure of the government to implement some of the recommendations made in 1972 is now producing what has been described to us during our last series of hearings as an acute crisis, endangering Canada's future capability in the whole field of scientific research, technological development and economic and social innovation.

I should like to give two illustrations of this emerging crisis. In 1972 the committee had observed the great immobility of Canadian scientific manpower, especially in government establishments, and had underlined the urgent necessity of launching a program designed to transfer older researchers to other jobs in the private and public sectors where they could be happier and be more productive. This recommendation was not implemented.

● (2100)

We had also recommended that national expenditures related to research and development be substantially increased on a gradual basis in order to enable Canada to maintain its contribution to the international pool of free knowledge, to improve its position in the international technological race, and to get a better performance from its social systems in such areas as health and education. This other recommendation also was not implemented. As a matter of fact, federal expenditures on research and development in current dollars have increased

mainly to take care of increases in salaries, and have declined in real terms in many areas, such as the support of university and health research.

The fact that these two recommendations have not been implemented may soon have very adverse consequences. Scientific manpower immobility, together with budgetary restraints, means that there are few opportunities for young Canadians to engage in research careers. If this situation continues to prevail even for a few years, Canada may lose a whole new generation of researchers, which would create in the not too distant future a tragic gap in our national research capability. In the immediate future, such a situation causes an unhealthy rise in the average age of our researchers. This phenomenon of aging exists in most government laboratories and universities. If it persists it will mean that the Canadian people will get much lower returns than they should from public expenditures on research and development.

My second illustration is related to industry. In 1972 the committee deplored the weak research and development performed by secondary manufacturing industries in Canada, which led to a poor innovative performance and a serious inability to gain access to export markets. We made a series of representations to the Department of Industry, Trade and Commerce which would certainly have helped to correct the basic weakness of this important sector of our Canadian economy.

[*Translation*]

Senator Deschatelets: Would Senator Lamontagne allow a question? Could you recommend, for instance, that private enterprise be encouraged to hire personnel for scientific research? You say that recommendations have been presented to the government. Could you expose one or two of these recommendations to us?

Senator Lamontagne: With your permission, I shall revert to this in a moment. One of those recommendations precisely proposes a complete review of the tax incentive system set up by the government to stimulate research in the private sector.

[*English*]

I was saying that we had made some very specific recommendations to the government in this area and some of our proposals, unfortunately the least important of them, were almost immediately implemented by the Department of Industry, Trade and Commerce. Others, such as the creation of industrial task forces by sectors and the reshaping of government incentive programs to encourage industrial research, are just beginning to be implemented, or are at last under active consideration. However, nothing has been done about the major re-organization of the Department of Industry, Trade and Commerce that we recommended, including the appointment of a full-time Deputy Minister of Industry. Without this major re-organization at the centre, which we felt necessary to provide leadership and inspiration, the new national policy that we advocated was not formulated and proclaimed.

Those delays and this inaction have had serious adverse effects which are reflected now to a large extent in our external trade balance. In 1970, when we were preparing our first report, our trade deficit for higher technology products amounted to about $2 billion a year. It has risen consistently ever since, to reach the fantastic figure of approximately $10 billion in 1975. This most unhealthy situation is bound to become worse as Canada becomes a greater net importer of oil, unless the government declares a state of emergency and launches, as a matter of top priority, a new national policy based on the promotion of new technology and innovation in the secondary manufacturing sector, as we advocated in 1972.

As honourable senators can see, the Senate Special Committee on Science Policy has had over the years what I feel has been a significant impact on government policies, but some basic issues in this broad area remain to be solved, and I hope that they will be clearly underlined in our next report.

Hon. Allister Grosart: Honourable senators, Senator Lamontagne has placed a formal motion before the Senate, the effect of which will be, if the Senate agrees, to carry on the work of this committee for another six or seven hearings, at which stage I take it that the work of the committee will be completed. I say "completed" with some reluctance because, as Senator Lamontagne has pointed out, of the committee's recommendations many were implemented by the government, but the non-implementation of the others has caused a crisis in Canada today.

Senator Lamontagne has used the phrase "an emerging crisis," but I believe he would be the first to agree that the evidence before the committee is that the crisis is here. We were told that if the present policies with respect to funding and support of research and development in Canada are carried on for another two years, Canada's science and technological capability will not merely be eroded, it will be destroyed. Those are the words of an eminent witness before the committee. Therefore, it is somewhat disappointing for me, as a member of the committee, to have to say that we must complete our hearings without the kind of success for which we had hoped.

Part of the problem here, of course, is that Canada is the only OECD country that does not have a science and technology committee in the elected house. For that reason the Senate committee has had to carry on this work. The Lamontagne reports are known around the world and are textbooks in universities. Yet when most of the world was listening, I regret to say that apparently, for its own reasons, the Canadian government was not listening, and the result is crisis. The evidence in the proceedings of the committee is full of statements to that effect. The press has been full of statements from leading scientists, the heads of groups of scientists and individual disciplines, that this has been the effect of the failure of the government to carry out some of the more important recommendations, particularly of the first report of the committee. That is the situation in which we find ourselves.

The committee worked hard over many years, and its work has not gone to waste. I am convinced that the reports of the Lamontagne committee will remain a monument, as other

committee reports have, to the work, dedication and expertise of the Senate.

We only have to read the headlines in the newspapers to see the kind of situation that has developed. I need only mention Atomic Energy to indicate the kind of crises that can develop when the government will not listen to the recommendations of those who have taken the time and trouble to study the problems which face the government. I am being emphatic in this statement because I share Senator Lamontagne's disappointment, which he made clear tonight, that the government has not on this occasion listened, as they might have done, to the alarm signals which this committee sent up over the years.

• (2110)

It is true, of course, that the government has implemented some major recommendations, but I have to say that the government has completely fallen down in estimating the danger of the policies which have been carried on over the past few years, certainly since this committee began its deliberations.

As I understand it, from what the chairman has said tonight, the committee will shortly wind up its hearings. Perhaps it is well that it should do so. There are some monuments remaining to the work, particularly that of Senator Lamontagne. Recently there has been arranged for the first time in Canada a series of meetings of members of the science community and members of Parliament. The first meeting was held under the presidency of Senator Lamontagne, and was organized by SCITEC, Senator Lamontagne and others on the committee.

SCITEC itself is certainly a monument to the work of the committee. When it began its work, Canada was almost the only advanced industrialized country in the world which did not have the equivalent of the American Academy for the Advancement of Science. We were the only country which did not have an overall society of scientists. The government was unable to obtain the advice of the science community until Senator Lamontagne's committee provided the inspiration and the occasion for the formation of SCITEC, which today speaks for Canada's science community.

There are other achievements which no doubt will be referred to when the final report of the committee is made. I have to say, of course, as I am sure every member of the committee would wish me to say, that all of us who serve on that committee are proud to have served with Senator Lamontagne. That committee is now well known, and will always be known, as the Lamontagne committee. In my view, its reports will take their place among the great documentary achievements of Canadian commissions and parliamentary committees.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 1, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

BELL CANADA—FIRST READING

Senator Deschatelets presented Bill S-2, respecting Bell Canada.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Deschatelets: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move, seconded by the Honourable Senator Hicks, that this bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Hon. the Speaker: Honourable senators, is there unanimous consent?

Hon. Senators: Agreed.

Senator Flynn: We agree, but I was wondering if Bill S-1 will be put on the Orders of the Day soon.

Motion agreed to.

SCIENCE POLICY

SECOND REPORT OF COMMITTEE OF SELECTION ADOPTED

Senator Petten, Chairman of the Committee of Selection, presented the following report:

Wednesday, December 1, 1976.

The Committee of Selection appointed to nominate senators to serve on the several select committees during the present session makes its second report as follows:

Your committee has the honour to submit herewith the list of senators nominated by it to serve on the Special Committee of the Senate on Science Policy; namely, the Honourable Senators Asselin, Bélisle, Bell, Bonnell, Bourget, Buckwold, Cameron, Carter, Giguère, Godfrey, Grosart, Haig, Hastings, Hicks, Lamontagne, Lang, Manning, Neiman, Riel, Robichaud, Rowe, Stanbury, Thompson and Yuzyk.

All of which is respectfully submitted.

William J. Petten,
Chairman.

Senator Flynn: Is the chairman happy?

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Petten: Honourable senators, with leave of the Senate, and notwithstanding rule 45(1)(f), I move, seconded by the Honourable Senator Perrault, that the report be adopted now.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

NOTICE OF COMMITTEE MEETING

Senator Lamontagne: Honourable senators, I wonder if I could intervene at this stage, since the report of the Committee of Selection has been adopted, to announce that it is the intention to hold the organization meeting of the Senate Special Committee on Science Policy when the Senate adjourns today. This meeting will be held in room 356-S.

Senator Flynn: Have you any information as to who is going to be appointed chairman?

Senator Lamontagne: You may wish to consult your deputy leader.

Senator Perrault: Let democracy speak.

Senator Flynn: I would follow his lead.

Senator Langlois: Are you interested?

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45 (1) (i), moved:

That the name of the Honourable Senator Cottreau be substituted for that of the Honourable Senator Davey on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Senator Flynn: Explain.

Motion agreed to.

LIBRARY OF PARLIAMENT

STANDING JOINT COMMITTEE—ADDITION TO MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45 (1) (i), moved:

That the name of the Honourable Senator Davey be added to the list of senators serving on the Standing Joint Committee on the Library of Parliament; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Senator Flynn: You do not have to explain.

Motion agreed to.

● (1410)

THE HONOURABLE JOSEPH A. SULLIVAN

Senator Grosart: Honourable senators, as there are no Orders of the Day perhaps, by leave of the house, I may be permitted to rise before Inquiries to call to your attention the reason why one of our colleagues has not been with us for some time.

I refer, of course, to the Honourable Senator Sullivan who a short time ago had a very serious operation, was returned home for a few days, but then unfortunately had to go back to hospital, where he is at present. I know that he greatly regrets that he has not been with us for some time to add his always welcome contribution to our discussions. I am sure that honourable senators join with me in wishing him a full recovery, and a speedy return to us.

Hon. Senators: Hear, hear.

BANKING, TRADE AND COMMERCE

NOTICE OF COMMITTEE MEETING

Senator Langlois: Honourable senators, before we adjourn I should like to announce that a meeting of the Standing Senate Committee on Banking, Trade and Commerce is now in progress in room 256-S.

Senator Perrault: It is a very important meeting.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 2, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

Senator Grosart: Honourable senators, I have the honour to call attention to the presence of some very distinguished visitors to our Senate today, who are in the gallery above the clock. They are Lady Patricia Fisher, Mrs. Joan Robins and their escort, Mr. Pat Martin.

Honourable senators will recall the great speech we heard on November 18 from one of our Irish-born members, of which we have two in this distinguished chamber, with respect to the situation in Northern Ireland.

Senator Flynn: Who is the other one?

Senator Grosart: And particularly the plight of the young people who are displaced and discriminated against in many ways by the continuing difficulties there.

Lady Patricia Fisher and Mrs. Robins are here in Canada. They have been in the United States. They are on an important mission in Canada on behalf of the Canadian program for Irish children. They are devoting their very considerable talents to doing what they can to achieve and accumulate support in Canada for the great cause of the Irish children project in Canada. I am sure we are honoured in the Senate by their presence on this occasion.

Hon. Senators: Hear, hear.

Senator Thompson: Honourable senators, I rise because I recognize that my distinguished colleague, Senator Grosart, was born in Dublin, whereas I was born in Belfast. It demonstrates the fact that in Canada differences have no significance in the sense of there being any historic hostilities. Unfortunately, in Ireland today, particularly in Northern Ireland, there is conflict.

I have been proud, honourable senators, to be associated with the two ladies mentioned, who are completely committed to trying to obtain a constructive and positive approach to peace in Northern Ireland. Their particular concern is for the children of Northern Ireland.

I have watched them with great admiration as they have given of themselves with all their energy and great ability during the past two weeks while on an extremely tight schedule. I do not think that any of us who are in politics and who have fought campaigns would say that they have let down in the slightest in the campaign in which they are engaged. They have been inspiring.

With Senator Grosart I join in giving full recognition to these two distinguished ladies whose concern is peace and the children of Northern Ireland.

Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, December 7, 1976, at 8 o'clock in the evening.

● (1410)

Honourable senators, before the question is put I should like to give you a brief summary of the schedule for next week. I shall deal first with committees.

On Tuesday at 2.30 p.m. there will be a meeting of the Standing Senate Committee on National Finance on the estimates of the Department of Public Works.

On Wednesday the Standing Senate Committee on National Finance will meet again at 9.00 a.m. to consider supplementary estimates (A), (B) and (C) for the fiscal year ending March 31, 1977. The Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. and 2.30 p.m., or when the Senate rises, to continue its advance study of legislation from the House of Commons. The Special Senate Committee on Science Policy will meet at 3.30 p.m., or when the Senate rises, and the Standing Senate Committee on Agriculture will hold an *in camera* meeting at the same time for preliminary consideration of its proposed inquiry into the Canadian beef industry.

On Thursday there will be a further meeting of the Standing Senate Committee on National Finance dealing with the estimates of the Department of Public Works, and the Standing Senate Committee on Banking, Trade and Commerce will also meet at 9.30 a.m. to continue its advanced study of Bill C-16.

In the Senate we shall deal with the items now on the order paper and any legislation that may come to us from the other place.

Senator Flynn: Has the deputy leader any indication of what legislation may come to us from the other place?

Senator Langlois: I do not want to prophesy because one is never a good prophet in one's own country, and this situation also obtains in this chamber. It is earnestly hoped that the income tax bill will come to us before the present week is over.

Senator Perrault: There has been a paucity of legislation or proposed legislation so far this session. Of course, honourable

senators are aware of a rather prolonged debate which has been continuing in the other place for many, many days. It is hoped that the situation there will resolve itself in the next few days so that we can get on with the important task of considering legislation in the interest of the country. The government has certainly to this point not attempted in any way to restrain the right of Her Majesty's loyal opposition to comment on the qualities inherent in the legislation under discussion in the other place.

Senator Flynn: Did you say "qualities"?

Senator Perrault: Many good qualities, but some of them have been called into question by the members of the opposition.

Senator Flynn: I can't have been reading the same *Hansard* as the Leader of the Government. It seems to me that they have discovered more defects in the legislation than qualities.

Senator Langlois: It is a question of interpretation.

Senator Flynn: I think it is obvious that my interpretation is the valid one.

Senator Perrault: That is why you sit there and we sit here.

Senator Langlois: Always on the wrong side.

Senator Grosart: I wonder if I could ask the leader or the deputy leader on the government side if there is any deadline in the Senate for the passage of appropriation bills that would arise out of supplementary estimates (B) and (C).

Senator Langlois: They are not interim supply bills; they are merely supplementary estimates. That is all.

Senator Molson: Honourable senators, I wonder if I could ask the Leader of the Government if there is any legislation contemplated that might be introduced in the first instance in this chamber.

Senator Perrault: Yes, there are two or three bills. It will be recalled that many bills were introduced in the Senate during the last session, and it is expected that this will happen again once the current impasse has been resolved.

Senator Flynn: Which impasse?

Senator Perrault: The impasse which does not exist in this place.

Senator Flynn: You mean the permanent impasse?

Motion agreed to.

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

REPLY FROM PREMIER OF QUEBEC—QUESTION

Senator Flynn: Honourable senators, I wonder if the Leader of the Government would care to inform the Senate as to whether or not the government has drawn any conclusions from or is apprehensive about the reply of the Premier of the Province of Quebec to the Prime Minister's invitation to the upcoming Federal-Provincial Conference in which he stated that he was prepared to deal with the fiscal problems between Ottawa and the provinces, but not constitutional matters.

Senator Perrault: Honourable senators, the government expects that the forthcoming Federal-Provincial Conference is going to be a very constructive and productive one. If the house would like a more complete statement on the subject next week, I shall certainly provide it. I hesitate to comment further at this time, lacking as I do official copies of the exchanges of correspondence between the two levels of government.

[*Translation*]

MINUTES OF THE PROCEEDINGS OF THE SENATE

BILINGUAL FORMAT

Senator Denis: Honourable senators, I notice that the Minutes of the Proceedings of the Senate have been printed for some time in both French and English under the same cover, which means a saving of time and money. Accordingly, I want to congratulate whoever is responsible for this change.

Senator Flynn: Senator Laird's committee did it.

[*English*]

PRIVATE BILL

BELL CANADA—SECOND READING—DEBATE ADJOURNED

Hon. Jean-Paul Deschatelets moved the second reading of Bill S-2, respecting Bell Canada.

He said: Honourable senators, Bill S-2 has four main purposes, as follows: First, to enable the company to increase its capital from $1.750 billion to a new limit of $5 billion; secondly, to improve the company's financing flexibility; thirdly, to update the corporate powers of the company; fourthly, to authorize the company to alter its objects, powers, and share capital by letters patent.

Bell Canada is the largest supplier of telecommunication services in Canada. It has more shareholders than any other Canadian corporation, numbering approximately 250,000 and owning more than 50 million shares. Nearly two-thirds of the shareholders own less than 100 shares each. Over 97 per cent of the shareholders of Bell Canada are resident in Canada, which makes Bell Canada a truly Canadian-owned company.

It is important to keep in mind at this point that this bill has nothing whatsoever to do with the company's rate structure. As honourable senators are aware, it is the responsibility of the CRTC to approve the rates charged by the company and to ensure that they are just and reasonable.

In addition to asking for an increase in the capital of the company, Bell Canada, through this bill, seeks to modernize its charter in several respects. Many of the requested changes are similar, if not identical, to charter amendments granted to British Columbia Telephone Company through Bill S-11, assented to in December, 1974. A number of changes are also substantially similar to provisions of the Canada Corporations Act or of the Canada Business Corporations Act.

● (1420)

I do not have to emphasize the importance of Bell Canada in the Canadian economy. May I just mention the following aspects: First, the increasing possibility of meaningful jobs for Canadians. The company has approximately 48,000 employees, and most of 23,000 employees of Northern Telecom Limited, one of the subsidiaries, are employed in the company's territory. Secondly, Bell Canada and Northern Telecom Limited jointly own Bell-Northern Research Ltd., which is Canada's largest industrial research and development organization with a staff of over 1,700 employees, including more than 750 engineers and scientists. Thirdly, there are few domains where the Canadian know-how is more marketable than in the field of telecommunications, where Bell Canada's technology and expertise are second to none. Bell Canada was incorporated in 1880. It provides telecommunication facilities and services in the provinces of Quebec and Ontario, as well as in the Northwest Territories. Bell Canada's associated companies provide telecommunications services in New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and certain parts of Ontario and Quebec. Bell Canada's act has been amended 12 times since 1880 in order to keep the capital and powers of the company up to date. The pressing need for advanced planning of construction programs and financing for the coming decade prompts the company's bill at this time. The company's business is highly capital-intensive and it requires the investment of immense amounts of both equity and debt money in order to satisfy the needs of the Canadian public it serves, which continues to expect better and broader services.

Honourable senators, it is not my intention, as you could expect, to go into the details of the various amendments sought in this bill, which is in essence a financial bill and obviously rather technical. On second reading I intend to go over these amendments briefly, leaving to a standing committee, if you accept second reading, a close scrutiny of each amendment with the officers of Bell Canada.

When the company was incorporated in 1880 its original capital was only $500,000. Increases in capital have been granted from time to time by Parliament as the demand for services increased. In 1968 authorization was received from Parliament to increase the capital to its present limit of $1.75 billion, of which about $1.47 billion has now been issued or committed, leaving a balance of about $280 million, which the company expects to be exhausted in the near future. According to present forecasts, the requested increase of $3.25 billion will be sufficient for at least another decade.

In financing its necessary construction expenditures, the company must compete with a multitude of other firms and governments or their agencies. As the amounts needed grow larger, the difficulties of raising the required sums of money in Canada have become progressively greater, and it is now necessary for the company, not only to expand its participation in the highly competitive United States markets but also to compete for funds in Europe. To compete in both the domestic and international financial markets, Bell Canada must enjoy the same range of financing options and arrangements as are available to its competitors in the financial marketplace. Therefore, a certain number of proposed amendments in this bill would update the financial provisions of the company's act of incorporation.

Included in the proposed amendments designed to modernize the company's financial powers are provisions enabling the company to pay dividends other than in cash, and to charge more realistic interest rates on overdue calls, as well as eliminating the need to obtain the CRTC's approval of the amount, terms and conditions of each equity issue.

The company further requests that section 16 of the Canada Corporations Act be made applicable to it in order to clarify and broaden its ancillary and incidental powers. This would specifically enable it to acquire shares of any other company having objects altogether or in part similar to those of the company, or carrying on any business capable of being conducted so as, directly or indirectly, to benefit the company. Enlargement of the company's powers would normalize the company's status by putting it in the same position as companies incorporated or continued under the Canada Corporations Act which are empowered to carry out their purpose in the most appropriate manner.

The company also seeks authority to further alter its objects, powers and share capital by applying to the Minister of Consumer and Corporate Affairs for letters patent, which would be subject to cancellation by either house of Parliament during a period of 30 sitting days following their tabling before Parliament. This procedure, commonly known as the negative resolution procedure, is provided for in the Telesat Canada Act, and was most recently made part of the Income Tax Conventions Act, 1976.

Honourable senators, I do not want to go further at this time. We are on second reading and we have to decide whether or not we agree to the nature of this bill. This is the type of bill, of course, that must receive close scrutiny before a standing committee of this house. However, before concluding my remarks I should like to recall a personal experience which happened in 1964, when I had the responsibility of the Department of Public Works. In order to acquaint parliamentarians with the complexity of the administration of that department we invited a group of members of Parliament and senators to visit our headquarters to be briefed on the internal organization. At the end of the day a spokesman for the group told us how efficient the administration seemed to be. He added that he had the impression that the department was functioning at the time like Bell Canada. I thought that was quite a compliment. I still believe that we as Canadians have every reason to be proud of the efficiency, importance and high quality of service provided by Bell Canada.

● (1430)

If honourable senators decide to give the bill second reading, I intend to move that, being a financial bill, it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Senator Choquette: Honourable senators, I am not adjourning this debate because I am already in possession of facts regarding the spoilt child of the federal government known as Bell Canada. I intend to make a few remarks which would probably force the government to scrutinize and investigate all transactions of Bell Canada during the last three years.

Three years ago there was the company known as Microsystems, which was an affiliate of Bell Canada. It was listed on the stock market and its stock went up to $15 and then, within a few months, down to $7. People were purchasing it under the impression that it was almost guaranteed by Bell Canada, it being probably the most important subsidiary.

Now and then Bell Canada officials appear before the Canadian Transport Commission, and last year they had the nerve to ask for an increase in their rates in order to pay dividends to their shareholders. Three years ago people bought Microsystems stock, not knowing that the company was about to fold up and close its doors. A person who bought, for example, $10,000 worth of Microsystems shares finds today that those shares are worth $6,000. If that purchaser of the shares borrowed money for the purpose of buying them, he has been paying interest on the $10,000 that he borrowed.

It was suggested that the House of Commons carry out an investigation to ascertain what was happening to Microsystems, with all its machinery, tools, and so on. No investigation was carried out and we continued spoiling Bell Canada by granting everything it requested from the government. Again today we are asked to help the company out. You know, when one of our committees carries out an investigation, it is not sufficiently strict in dealing with big companies such as this. Today Northern Telecom have taken over the shares of Microsystems and, the nerve of them, they gave one share of Telecom for seven shares of Microsystems. That was quite an encouragement for those who believed that they had invested money in something solid. This was Bell Canada's doing. And nothing was done about it; no investigation was carried out, and today we are ready to tell Bell Canada to ask us for anything they wish and it will be granted to them.

I am placing these objections on the record without any preparation. I do not intend to adjourn the debate, but I hope this will come to the ears of those who can stop all this nonsense and put an end to spoiling Bell Canada and a few other companies like it.

Senator Deschatelets: Honourable senators, Senator Hicks would like to say a few words, but first let me say that I appreciate the remarks of Senator Choquette—

Senator Grosart: Honourable senators, on a point of order, I wonder if the sponsor of the bill and the proposer of the motion is now closing the debate?

Senator Deschatelets: No, I simply took Senator Choquette's remarks to be a question and I should like to inform him that if this bill is referred to a standing committee that will be the time for such questions.

Senator Grosart: Again on a point of order, I suggest that Senator Choquette did not address a question to the sponsor. He made a speech, and if the sponsor speaks now in reply to Senator Choquette, under our rules it will have the effect of closing the debate.

Senator Hicks: Honourable senators, I am not going to speak in reply to Senator Choquette's remarks. I think his observations, though in another context they may have some validity, have very little bearing on the thrust of the bill before us this afternoon. If they do have any bearing on it, I think there will be ample opportunity to analyze this when the bill is before committee.

I wish to say that I am glad to be associated with Senator Deschatelets as the seconder of this motion for the second reading of this bill. It is not inappropriate that a senator from Nova Scotia should find himself in this position. While Alexander Graham Bell, whose name, of course, is that of this company, did not invent the telephone in Nova Scotia, he spent a great deal of his lifetime there and invented a great many other useful devices in Nova Scotia, such as the hydrofoil, the iron lung, and so on and so forth. He, of course, chose to be buried in Nova Scotia, and the Government of Canada has established in Baddeck in Nova Scotia the Alexander Graham Bell Museum to commemorate the many activities of this most remarkably inventive man, who about 100 years or a little more ago, in Brantford, Ontario, invented the telephone. He then took his great invention to the United States, went through a series of the most protracted and complicated lawsuits that have bedevilled the corporate beginnings of any enterprise in the history of modern developed society and, finally, won out, retaining his patents and, of course, was directly or indirectly responsible for the foundation of companies in many parts of the world which bear his name. The Bell Telephone Company of Canada, as Senator Deschatelets has pointed out, was incorporated in 1880, almost 100 years ago, with a share capital of $500,000.

• (1440)

It is indicative of the kind of progress—and indeed it is progress—that our country has made that we are dealing today with a bill to increase that share capital of $500,000 to $5,000 million. It amounts almost to a trebling of the authorized capital which was approved by this Parliament in 1968.

In any event, I think that this company, while it may require our scrutiny, and our control, in some instances—as I say, I do not rise to quarrel with Senator Choquette—is symbolic of the great development that has taken place in Canada during this past century.

There are two things that I should like to say. First, it is quite remarkable that the mover of this motion said that the company contemplates that this trebling, or nearly trebling, of its capital stock will meet its needs only for the next decade. That seems to me most remarkable. Whether the company will find it necessary, and can, in fact, treble its capital investment in a decade, I do not know; but if it can, again it is indicative of the kind of growth and development in communications, and in other services in this country, for which Canadians should indeed truly be proud.

Senator Choquette: Does the honourable senator want the government to give them an additional $100 million?

Senator Hicks: No, I do not expect the federal government to give them anything, and I do not think the federal government has to do that. As I say, I do not think that is relevant to the subject under discussion in this bill.

There is one other aspect of Bell Canada which deserves favourable comment, at least from my point of view. In the United States the Bell Telephone Company has for many years operated the most sophisticated electronics research laboratories perhaps in the world, certainly on this continent. During my time as a technical staff officer in the Royal Canadian Artillery, being concerned with the development of radar in Canada and the United States, I visited the Bell Telephone laboratories on Long Island and spent some time working with scientists there, acting as a liaison officer with the Canadian Artillery in the development at that time of a certain radar which was concerned with locating enemy mortar positions.

I am glad that Bell Canada has, despite its great research laboratories in the United States, put itself in a position where it does more research in Canada than any other corporation in this country.

We are bedevilled in Canada, among all the developed countries in the world, in having a lower proportion of industrial research performed in this country than any other developed nation. This is largely because so many of our corporations are branch plants of American corporations. They rely on research done in the laboratories of their American parent companies and they spend little time, effort and money on industrial research and development in Canada. In this respect, it is encouraging for me to hear—I did not know the exact figures before—that Bell Canada actually employs 1,700 people, nearly half of whom are engineers and scientists, in its research laboratories in Canada. This is an example which should be followed by many other Canadian corporations.

As I say, I did not rise to quarrel with Senator Choquette. It may well be that he has raised points that need to be looked into by the committee. But, by and large, taking the large view of this corporation, I think we have to say that here is a corporation which is symbolic of the growth and development of Canada. Here is a step being taken, a step which we are asked to approve, which will nearly treble Bell's corporate investment in this country, its telecommunications and its future, and I hope that the committee to which this bill is referred will give the most careful, yes, and I say sympathetic, consideration to the request that Bell Canada is making of the Parliament of Canada this year.

Senator Grosart: Honourable senators, I wonder if I may direct a question to the sponsor of the bill? Am I correct in saying that yesterday he asked for a suspension of the rules so that the bill could receive second reading today?

Senator Deschatelets: Yes.

Senator Grosart: Might I ask if the honourable senator is aware of the provisions of rule 88, which says:

> A motion for the suspension of the rules upon any petition for a private bill shall not be in order, unless such suspension has been recommended by the Committee on Standing Rules and Orders.

I ask him: Was that permission obtained from the Committee on Standing Rules and Orders?

Senator Hicks: By unanimous consent.

Senator Deschatelets: Honourable senators, if I remember correctly, yesterday when Madam Speaker asked when this bill should be read a second time, I asked, by leave and notwithstanding rule 44(1)(f), that the bill be dealt with on second reading at the next sitting. I understood that two days were normally required, but I thought that with leave I could do that.

Senator Grosart: With respect, I would point out that the rules clearly state that that leave cannot be given, that the rules cannot be suspended on a private bill. The rule requires, as the honourable senator has pointed out under 44(1)(f), that two days' notice be given unless the rule is suspended.

The motion was that the rule be suspended but I suggest to the house that the Senate does not have the authority in this instance, under its own rules, to suspend its rules. Rule 88 makes it quite clear. There is an important reason why these rules should be observed and adhered to in the Senate, particularly on a private bill in which, as Senator Choquette has indicated, a large segment of the public is interested.

The purpose of these time lags in our rules is to alert the public to the fact, to give them sufficient notice that a private bill is before the Senate asking for a very wide extension of the powers of Bell Canada, to which at this moment I am making no objection. But I do suggest that a company such as Bell Canada, if I am correct in my reading of the rules, should at least come before the Senate knowing that we have rules, and that we would expect the company to adhere to those rules and not to seek a suspension when they clearly state, if I am reading them correctly, that such suspension is not permitted.

I shall not go back and suggest that we are out of order at this time. I think we are. If that motion were not in order, if it could not have been properly be accepted, then the action of the Senate becomes null and void. I will not argue that point.

The reason I raise it at this time is that on other occasions with respect to private bills perhaps a more important rule for the protection of the public has not been observed. There has been a practice on a few occasions to suspend another rule which requires a week's delay before the committee sits. I give this warning at this time that if there is any attempt to suspend that rule, I shall certainly call the attention of the Senate to the rule and the importance of our adhering to it.

There is the question, of course, whether in spite of these prohibitions the Senate can still overrule its own constitution. I am not sure. It was discussed by the Rules Committee, but we did not reach any conclusion. However, where the public interest is so great, usually in a private bill, and particularly in a private bill of this kind, I would hope that the sponsor of the bill will not ask that the bill be considered immediately in

committee. The purpose of that time lag is to give the public the fullest possible notice that these important new powers are requested by Bell Canada.

I make it clear that I take no stand on whether the bill is one that should receive the consent of the Senate. I am not discussing that point, and I may say that I have no particular views on it at this moment, but I do think it is important when we are dealing with a bill respecting Bell Canada that Bell Canada should at least take the trouble to find out what are the rules of the Senate and to keep to them.

Senator Deschatelets: On the point raised, may I be permitted to answer the remarks of Senator Grosart? His point concerns the rules. He will agree that yesterday, when Her Honour the Speaker asked "When shall this bill be read the second time?" I asked leave to have the bill placed on the order paper for second reading today. I think the honourable senator will agree that that was the time at which to raise an objection.

Senator Grosart: I fully agree. Unfortunately I was out of the chamber for a short time, or I most certainly would have raised it. I raise it now—I want to make this clear—not to upset the proceedings. The Senate has given leave. We are on second reading. It is not my suggestion that we should say that second reading proceedings so far are null and void. I simply give warning that I will object if there is any intention of asking the Senate to suspend the other rule which our rules clearly say cannot be suspended by the Senate on this kind of bill.

● (1450)

Senator Deschatelets: May I say in response to Senator Grosart that his remarks are generally well taken, and I quite appreciate the point that this is the kind of bill which might interest the general public. There is no doubt about that. However, I would remind honourable senators that, as we all know, if this bill is given second reading it cannot go before the appropriate standing Senate committee until at least one week has expired, and this delay will permit representatives of the public to attend such a meeting and to express their views.

Senator Grosart: Honourable senators, my point was simply this: In view of the fact that the first rule was not observed, the second must be.

The Hon. the Speaker: Honourable senators, in my humble opinion, rule 88 deals with a petition and not with a bill, but I shall be glad to receive advice upon this matter.

Senator Greene: Honourable senators, on the point of order raised by Senator Grosart, he referred to the Rules of the Senate as the "constitution of the Senate." It might be useful to point out that the Rules of the Senate are not the constitution of the Senate, and it might be for his benefit and for the benefit of his party to realize that this is not a republic where such rules do constitute a constitution. We are dealing with the rules of a parliamentary body which can be changed at any time. The Senate is the master of its own rules, and can change any rule from day to day if it so wishes. The procedure here was a quite proper one in that the rules can be changed with the leave and consent of the Senate. There is no rule of the Senate which cannot be changed, and this is quite proper in a parliamentary body where the rules are the child of the chamber itself. The rules may be changed at any time. This Senate is the master of its own rules, and it can change any rule at any time. The Rules of the Senate, as contained within those imposing red covers, are not the constitution of the Senate but merely rules which may be changed at any time.

So, honourable senators, the procedure here is a quite proper one, although I have some sympathy with the thought underlying Senator Grosart's concern. I would urge that the committee to which this bill is sent, in keeping with the point raised by an earlier speaker, take a very careful look at the degree of control exercised over the Canadian company by its foreign parent. I am not sure whether AT&T controls Bell Canada, but I would urge the committee to call witnesses, and to insist on the appearance of witnesses, from the parent company so that we may get from them, the officers of AT&T, the whole story about real control and the degree of autonomy which Bell Canada has before the ultimate passage of this bill.

There is great concern in Canada as to foreign control and domination, some of it, in my view, largely overblown rhetoric, but this being one of the great Canadian corporations I think it would be very useful for the Senate, in its inquiry in committee, to determine exactly the degree of shareholding and the degree of effective control and the degree of day-to-day practical control over the Canadian entity by its parent AT&T. I sincerely urge that the committee to which it is sent insist on the appearance of the American executive officers of AT&T before the passage of this bill. If the officers of Bell Canada are anxious to have this bill passed, then I am sure they can readily arrange for officers of their American parent to appear and tell their story before a committee of the Senate.

I think the Senate would be doing very useful work in demonstrating the whole story of Bell Canada and the effect of its American control to the Canadian public. If that is done we shall have the facts on this, and not some of the horror stories thrown into the air to panic the Canadian public by Peter Newman and some of his supporters.

Senator Grosart: Honourable senators, I do not want to prolong the discussion on this point of order, but two important points have been raised, and because this is a matter which no doubt will be considered by the Rules Committee, I think I should answer those two points.

One is raised by Senator Greene when he quite properly says that the Senate is master of its own rules, but its own rules say that there are two specific exceptions; there are two occasions when a motion to suspend the rules, a motion to become master of its rules, is not permitted. In two instances only do the rules say that such a motion shall not be in order. Now Her Honour has quite properly drawn attention to the wording of rule 88, which says:

> A motion for the suspension of the rules upon any petition for a private bill—

This matter has been discussed at length. What does "a petition" mean? My interpretation is that the petition is still before us. The rule does not say "for the introduction of a petition." We are now dealing with a petition for the passing of a private bill.

Some Hon. Senators: No, no.

Senator Grosart: Of course we are. It is a petition that a bill be passed. I merely say for the record that that is my interpretation of it, and I think it would stand up.

Senator Hicks: Honourable senators, I wish to speak to the point of order that Senator Grosart has raised. I think that Senator Greene is correct when he says that we are the masters of our own rules, and whether the fine point as to whether a motion for the second reading of a private bill should be distinguished from a petition for a private bill is a matter that I am not going to address myself to at the present time. Had Senator Grosart objected yesterday when Senator Deschatelets asked for leave to move second reading today, there is no question but that that would have frustrated the moving ahead of the second reading of the bill. That was not done, and I think it is too late to raise the point now.

However, there is another even more serious allegation—in my view, it is more serious—that Senator Grosart has made in saying that we should not grant Bell Canada any suspension of our rules. Of course, Bell Canada had absolutely nothing to do with the suspension of our rules. This was a request on the part of a member of this chamber, without consultation as to any procedure of this chamber with Bell Canada or anyone else, and in granting this suspension of our rules and accelerating the motion for second reading of this bill we were not doing anything for Bell Canada. We were merely expediting the dealing with this matter in our own chamber. I think it would be quite wrong to infer that this is a concession to Bell Canada. It could only, at most, be a concession to our own procedures in this house.

I suggest, therefore, that Senator Grosart's point of order was not taken in time, and that the Senate is quite capable of dispensing with a time interval, if it wants to, in relation to any of the rules of the house.

● (1500)

I concede that had one person—Senator Grosart or anyone else—raised an objection at the time, we would then have had to fall back on the rules. As it is, we are at the second reading stage of this bill. I do not think anyone wants to rush it through. Should Senator Grosart wish to move the adjournment of this debate in order to give more time for the general public to pay heed to our deliberations in this chamber, I for one would agree with his motion. But unless he wants to do that, I think we are quite competent to deal with the issue now before us.

On motion of Senator Grosart, debate adjourned.

WESTERN EUROPEAN UNION ASSEMBLY

TWENTY-SECOND SESSION, PARIS, FRANCE

Hon. Rhéal Bélisle rose pursuant to notice of November 30, 1976:

> That he will call the attention of the Senate to the first part of the Twenty-second Session of the Western European Union Assembly held in Paris, France, from 14th to 17th June, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

He said: Honourable senators, in June of this year I had the privilege of being invited to the first part of the Twenty-second Ordinary Session of the Western European Union Assembly held at Palais d'Iéna in Paris, France. I accompanied Mr. John Roberts, M.P., who, in September of this year, was appointed Secretary of State of Canada by the Prime Minister. He led the Canadian delegation of two, who were part of a group of 11 parliamentary observers from Canada, Denmark, Greece, Norway and Portugal. This was the first time in the history of the Western European Union Assembly that parliamentary observers from outside the Union were invited, and I was extremely pleased and honoured to represent the Senate of Canada.

If I may be permitted, I should like to give you my impression of the visit and some of the highlights of the Twenty-second Ordinary Session of the Western European Union Assembly. Before doing so, however, I should like to say a few words about the Assembly itself.

The institution of the Western European Union Assembly in 1954, under the modified Brussels Treaty, was a new expression of the overall trend which had earlier led to the formation of the Consultative Assembly of the Council of Europe and the European Community Security Council Assembly. It was linked with the wishes of the advocates of the European idea to have the same type of democratic representative institutions as in the national framework, and, in accordance with the principles of parliamentary democracy, the European organizations with political responsibilities should have a representative parliamentary body to balance the governmental representatives.

Consequently, the authors of the treaty, after defining the Council's competence in Article VIII, made it binding on the Council to submit an annual report on its activities to "an assembly composed of representatives of the Brussels Treaty powers to the Consultative Assembly of the Council of Europe."

The Western European Union Assembly which was thus created meets in principle twice a year in plenary session in the chamber of the French Economic and Social Council, Place d'Iéna, in Paris, France. It may, however, meet elsewhere, and has held sessions in London, Rome and Brussels. The Assembly's permanent seat is in Paris.

As I mentioned, the Western European Union Assembly is composed of representatives of the Brussels Treaty powers to the Consultative Assembly of the Council of Europe, which are Belgium, France, the Federal Republic of Germany, Italy,

Luxembourg, The Netherlands, and the United Kingdom. The Western European Union Assembly is composed of 89 representatives from each of the seven countries, the number from each being in accordance with Article 26 of the Statute of the Council of Europe.

I do not wish to burden honourable senators with a long history of the Western European Union. However, I do think it is important to note the circumstances surrounding the birth of this organization so as to understand its current purpose and place in modern European society.

The Western European Union took over from the Brussels Treaty Organization after amendment of the Brussels Treaty, which had originally been signed in March, 1948. Thus, the Western European Union was born in a tense international situation, at a time when it was still impossible to settle the problems arising out of World War II by means of a peace treaty with Germany.

The aim of the London and Paris Agreements was to improve Western European security by allowing West Germany to take part in its own defence and to weave a complex system of undertakings and reciprocal guarantees between the member countries. The Western European Union Assembly, therefore, worked out an original armaments control procedure. One of the main tasks of the Assembly was, consequently, to exercise parliamentary supervision of the controls applied by the governments.

In addition, in December, 1950, the Council of the Brussels Treaty Organization transferred all of its collective defence activities to NATO. That decision was confirmed by the Western European Union Council in July, 1956, and it informed the Western European Union Assembly that the representative governments within it should consider certain defence questions.

In the political field, the Assembly started a dialogue with the Council on European Political Cooperation and, parallel with the dialogue, has always resolutely transmitted recommendations to the Council on means of ensuring European security, feeling its action in this area to be particularly important since it is the only official international parliamentary assembly with competence in defence matters. It should be noted also that it is in fact the only exclusively European assembly discussing defence questions. NATO, on the other hand, represents nations both inside and outside of Europe. The Western European Union Council has always replied to the Assembly's recommendations, which are transmitted to the North Atlantic Council whenever appropriate.

In recent years the Assembly has extended its discussions to the field of civil and military technological and scientific cooperation, and through its Council has often produced very substantive replies to recommendations on these matters. At the same time it should be noted that the Western European Union Assembly no longer deals with social and cultural matters, these having been transferred to the Council of Europe.

The subjects discussed at the Twenty-second Ordinary Session reflected the current emphasis and concerns of the Assembly, and included détente and security in Europe, European aeronautical policy, security in the Mediterranean, reserve forces, strategic mobility, and the role of the Atlantic Alliance in the world today.

Some of the members, prior to the First Part of the Twenty-second Ordinary Session of the Assembly, felt that it would be marked by disillusionment and concern for two reasons: first, in view of the slow progress being made towards European union, the Assembly felt entitled to neglect the favourite subject of the political committee, which is the place of defence in a future European union; secondly, the June Session of the Assembly, being held shortly after the spring meeting of the North Atlantic Council and just before the Italian elections, seemed to be at the crossroads of a two-fold threat to the west—an external threat because of the accumulation of Soviet weapons and forces in Europe and the Mediterranean, and an external threat stemming from the possible accension of Communist parties to power through coalitions in certain Western European Union member countries such as Italy and Portugal. This prospect could lead to harrowing changes in United States defence policy.

• (1510)

However, by the time the First Session had got under way, the feelings of disillusionment and concern had somewhat subsided and there were signs of renewed life for the Western European Union and its Standing Armaments Committee, although the President of the Assembly was unduly disheartened by the lack of progress in the building of a strong Europe.

There was still much division among the members of the Western European Union over the aims of the Europe which they are intending to build. Some see it as a fairly flexible association for defending trade interests; others as a union to be steadily strengthened until it becomes a federation with responsibilities in the monetary, diplomatic and military fields. Unfortunately, many of the member countries are so absorbed by their respective domestic problems and economic difficulties that they have postponed major decisions in this area, and instead have adopted a purely pragmatic view of the defence of Europe. There is a noticeable lack of co-ordinated action within Europe, and particularly in the salvation of the armaments industries' capability. Indeed, as the President of the Assembly stated, there is a great need for strengthening the Alliance's security by ensuring that the European governments pay greater attention to safeguarding their industrial potential, which is to produce their own military aircraft and armaments instead of importing them from outside of Europe.

I found the debate on the subject of détente and security in Europe particularly interesting. Sir Frederic Bennett of the United Kingdom and rapporteur of the General Affairs Committee introduced the subject and, along with several others, made some thought-provoking statements.

He warned the Assembly that the Western World faces a potential threat at least as great as, if not greater than, we faced in the late 1930s, and that at present we are not in a

position militarily to guarantee our own security. He went on to say:

> I can state that, whether or not we are in a position to guarantee our own security today, the rate of development of the Warsaw Pact forces and of the Soviet Union in particular means that, unless we reconsider our defences next year and the year after, no rapporteur will be able to stand here and say that we are in a position to defend ourselves with a complete guarantee of security. Although there may be arguments today, therefore, unless we act differently in the future and give defence matters a greater degree of attention, including standardization and so on, we shall increasingly fall behind.
>
> All our governments accept this. Indeed the German Federal Government is itself taking steps to stabilize its own defence. The French, to their credit, have announced a very considerable increase in the effort they are devoting to their conventional forces, and the United States is doing likewise.

Another United Kingdom representative, Mr. Julian Critchley, spoke on the theme of Europe's dependence on the United States for protection and economic prosperity which in due course will make it increasingly difficult and uncomfortable for Europe to cast aside. He said:

> There are three roads which might conceivably lead towards the unity of Europe. The first is unity through conquest, which has been tried comparatively recently and which, fortunately, failed. Secondly, there may be unity through economics which is, at present, the whole thrust of the Common Market experiment and idea. Thirdly, there is the possibility of unity through the threat of a common enemy.
>
> The enemy exists: The enemy is Russia. Yet the American alliance and our protection by America have succeeded in reducing our perception of the threat in Europe. Europe has preferred its security to its independence because, for the past quarter of a century, Europe has been an American military protectorate. European defence has been the gift of the United States, just as Europe's prosperity has come to depend upon free access to raw materials—a system long sustained by United States power.
>
> Three new features have contributed to European unease. First the United States has moved towards an understanding with the USSR and a mutual acceptance of the status quo established in Europe—the division of Europe itself. Secondly, there is the slow collapse of the western monetary system. In response Europe has tried to build a European monetary union which would reflect the commercial flavour and strength of Europe. Thirdly, the United States Middle East policies resulted in the oil embargo, which seriously threatened both Europe's prosperity and her politics.
>
> We are experiencing the end of the post-war system. As the United States military strength and power and her failing commitment is seen to weaken, Europe must sooner or later be faced with alternatives.
>
> The first is that Europe will decline into a less comfortable dependence on or subordination to one side or other of the super powers. It could become Finlandised as a Soviet dependency or become another Canada or Mexico. The second is that Europe, its vital interests no longer the exclusive concern of the United States, may begin to rebuild and strengthen her unity and independence. So robust a reaction would be rational and logical for a European bloc and would be the natural response of middle-ranking European states faced with a fragmenting world order.
>
> Which of these courses appears more likely? There is evidence in favour of both. First, if we are gloomy about the prospects for Europe, there is little leadership in the West and virtually none in Europe. There is a comfortable reliance upon the theory of convergence. The only trouble is that we are converging more rapidly than they are.

• (1520)

> There are also in Europe itself the consequences of the social revolution which has taken place since the end of the war. The old elites have largely vanished; the newly-rich have become Americanized Europeans, but with none of that wish for involvement in politics which is so characteristic of the Americans themselves. In short, the two world wars and the events following on them have sapped the political will of Europe.

Honourable senators, developments in defence are occurring with such rapidity that it is not possible for statistics to carry any lasting significance, but the figures on the balance of military forces between NATO and the Warsaw Pact countries show a disturbing trend. Undoubtedly, these armaments are the product of policies made ten, or even twenty, years ago, and therefore we cannot expect immediate or dramatic changes in Soviet policy. What disturbs me is the amount of money which the Soviet Union is spending on defence matters, not only at home but overseas. As Sir John Rogers of the United Kingdom observed:

> —superiority of roughly three to one in all arms—be they soldiers, tanks, guns, aircraft, ships or submarines—should give us food for thought. Why should Russia pursue a policy designed to achieve strategic weapon superiority and develop diverse offensive capability and increase these in such numbers that it is possible for Russia to support political objectives in distant areas like Angola and the Middle East, to say nothing of the Cape route or the Indian Ocean? Soviet military strength is being progressively transformed into an ever more capable, ever more flexible and ever more responsive means of supporting globally expanding Soviet political objectives.
>
> Missile-carrying submarines are being launched at a rate of two every month. A new type, with more than 16 missiles with multiple warheads, is expected to appear. The Soviet submarine fleet is the largest in the world,

with over 300 vessels. Whatever the advantages accruing from our presence at the CSCE talks, it is undoubtedly true that these have not in any way led to a slackening in Russia's military build-up.

We must not exaggerate Russian strength but we should be complete idiots to underestimate it. Nations fear not so much that Russia is likely to embark on a belligerent course in Europe but that countries such as Yugoslavia, Italy, Greece, Turkey and others may be subjected to pressures from Russia, backed by military superiority, to bring about Communist states in Europe, perhaps initially through the device of the popular front, with the Communists hiding behind the respectability of the Socialists.

For Canada's part, our presence did not go unnoticed. We were welcomed observers. Mr. John Roberts, M.P., who led the Canadian delegation, was invited to address the Assembly on the first day. I believe this was the first occasion that a parliamentary observer from outside the Western European Union had been asked to speak to the Assembly, and Mr. Roberts did an admirable job in presenting Canada's foreign policy.

Honourable senators, if I may be permitted, I would like to share with you a thought that I brought home from the Twenty-second Ordinary Session of the Western European Union Assembly. It is simply this: Everyone desires peaceful co-existence. No one seeks confrontation. Everyone wishes to see a lowering of the tension which now, unfortunately, exists between the Warsaw Pact and NATO. Everyone wishes to build a safer and more secure world, free from the threat of war, and to encourage and facilitate more productive relations between governments and people. But we must not take for granted that the world is safe for democracy. We must be perpetually on our guard.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered as having been debated.

[*Translation*]

DISTINGUISHED VISITOR IN GALLERY

The Hon. the Speaker: Honourable senators, I should like at this time to welcome Mr. Christian Valentin, member of the Senegalese Parliament, and member of the executive of the International Association of French Speaking Parliaments. He is the bearer of greetings from the President of the Senegalese Parliament to the Canadian Parliament.

[*English*]

LUMBER INDUSTRY

EFFECT OF TARIFF ON IMPORTATION OF SOFTWOOD PLYWOOD—DEBATE ADJOURNED

Hon. G. Percival Burchill rose pursuant to notice of November 30, 1976:

That he will call the attention of the Senate to the tariff on the importation of softwood plywood and the serious effect it is having on the Canadian plywood industry.

He said: Honourable senators, my inquiry concerns a Canadian domestic matter. The Canadian softwood plywood market is in deep trouble, and one of the contributing causes is the large quantity of softwood plywood which is being imported from the United States. The Canadian tariff on softwood plywood is 15 per cent, while the American duty on Canadian plywood entering the United States is 20 per cent. Representations have been made to the government over the years to equalize the duty, but so far they have been unsuccessful.

The statistics tell the story. In 1975, last year, 513 million square feet of softwood plywood were imported into Canada from the United States, representating a value of over $63 million, while 302,000 square feet were exported from Canada to the United States with a value of $56,000. The up-to-date figures available for this year indicate that so far there has been an imported quantity of 250 million square feet, valued at $30 million, while Canadian exports to the United States are 102,000 square feet, with a value of $13,000.

In an article published in the *Globe and Mail* on November 20 last, under the heading: "Dropping Behind Against World Competition," Mr. J. V. Clyne, former chairman of MacMillan Bloedel, Vancouver, is reported as saying:

Canada's competitive position in the forest industry has been so eroded that American imports now are claiming 23 per cent of the Canadian market for softwood plywoods. As late as 1971 the percentage was 1 per cent. Between 1961 and 1972 Canada's share of world exports in forest products dropped from 22.6 per cent to 19.3 per cent.

As a result of all this, several plywood manufacturing plants have been obliged to suspend their operations and lay off their employees. An announcement in the *Globe and Mail* yesterday, December 1, and also, I believe, reported on the television news, stated that 4,000 employees, including those in logging as well as employees in the manufacturing plant, of MacMillan Bloedel will lose their jobs tomorrow, December 3. This will be followed by the year-end closing of some of their mills due to poor markets. Normally the woods operations are shut down late in December by weather, but this is much earlier than usual and is caused by poor markets. The woods closing will last until early January.

● (1530)

Among the plants obliged to close down their operations is a plant in New Brunswick, the only softwood plywood plant in the Atlantic provinces. This plant, a subsidiary of a company which has been an employer of labour since 1857, was obliged to suspend operations and lay off its employees, about 300, who are now walking the streets and drawing unemployment insurance.

I need not remind honourable senators of the distressing effect on the people who live in the small community in which this plant is located, whose living depends on earnings from this industry. The forest industry of New Brunswick has been hit hard, first by the ravages of the budworm, then by the diminished buying power of the United Kingdom market, and

then the insidious effects of inflation. Under these circumstances, and with the problem of unemployment the first priority in government policies, it would seem only a fair proposition that in the matter of tariffs the Canadian industry and its workers be given an equal break in competition with the United States.

On motion of Senator Petten for Senator Robichaud, debate adjourned.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR— DEBATE ADJOURNED

Hon. Fred A. McGrand moved, pursuant to notice of November 30:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;
>
> That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and
>
> That the committee have power to sit during adjournments of the Senate.

He said: Honourable senators, on May 14, 1975, I moved that the Senate of Canada appoint a committee to study certain aspects of crime and violence in Canada. That motion was misunderstood by most senators. The question I asked was: Why does a boy of six with a psychological trauma become a dangerous psychopath at the age of 26? Today I ask the same question. The real question is: What was the nature of that trauma, and when did he suffer it? Another question is: Why have we in Canada done so little to answer that question? A further question that many Canadians are asking is: Why did the Senate of Canada permit this important question to remain in limbo for one and a half years?

Three times in ten years the question of the death penalty has been debated in this chamber, and usually with more heat than light. Those debates were intense and always well attended. That question will be debated again, and again with more heat than light until Canadian public opinion is better informed on the making of a murderer than it is today. Once the debate in Parliament is over, Parliament ignores this serious question until it is debated again.

What is the alternative to capital punishment? I can understand why those who believe in the death penalty are not interested in an alternative. They believe the death penalty to be the only just treatment for a murderer and the best protection for the public against murder. The responsibility of seeking an alternative does not rest with them but with those who oppose the death penalty, and they include both the Leader of the Government and the Leader of the Opposition in this chamber, who both supported the bill to abolish the death penalty. The abolitionists in Parliament are inconsistent, because they are indifferent and have no alternative to put forward. Yet the question is there and is this: What goes into the making of a murderer? When and how are these traumas received? They can come at any time, at birth, immediately after birth usually in the first three years of life and, believe it or not, they can come before birth. This is so difficult for people to understand, and it is an aspect of crime that is not described in the law books, not recorded in the Criminal Code, nor can it be isolated and examined as a statistic by Statistics Canada. For this reason my previous motion was not taken seriously, or understood. However, there are those who have no difficulty in understanding it, and who wish to support this study.

I contacted those best qualified to judge and advise, and received replies from many of them. I will read the names of some of those who support this study. I have a synopsis of a four-page letter signed by three leading psychiatrists at the University of Toronto and the Sick Children's Hospital. The names are: Dr. Gordon E. Warme, Chief, Child & Adolescent Service, Clarke Institute of Psychiatry, Assistant Professor of Psychiatry, University of Toronto; Dr. Granville A. daCosta, Staff Psychiatrist, Child & Adolescent Service, Clarke Institute of Psychiatry, Assistant Professor, University of Toronto; and Dr. J. D. Atcheson, Senior Psychiatrist, Forensic Outpatient Department, Clarke Institute of Psychiatry, Associate Professor of Psychiatry, University of Toronto. I have a letter from Dr. B. A. Boyd, Medical Director of the Institution for the Criminally Insane at Penetanguishene; a letter from Dr. R. E. Stokes, M. D., Psych., F.R.C.P., Director of Bracebridge Mental Health Services; a letter from Dr. C. K. McKnight, Chief of Forensic Services, Clarke Institute of Psychiatry; a letter from Professor John T. Omanique, Associate Professor of Philosophy and member of the third research team for the Club of Rome; and a letter from the Director of the Department of Humane Education, University of Tulsa, Oklahoma.

• (1540)

Dr. C. K. McKnight wrote me a lengthy letter of three pages, and gave me seven reasons why this study should be undertaken. I will not trouble you by reading that letter and reasons, but I will quote one paragraph:

> Although it would be hard to document all the reasons for this, it is my belief, and I think it is shared by many, that there is a real sense of urgency that we must at least attempt to do concrete things about these problems in a way that we have not tried before. In brief, one senses that time may be running out for us. Perhaps we have only some five to ten years to work with.

I wonder what Dr. McKnight is referring to when he says we have perhaps only five or ten years.

One of the leading psychiatrists in this field is Dr. Elliott Barker, Consultant at the Mental Health Centre, Penetanguishene. He was a witness at the meeting of the Health, Welfare

and Science Committee on June 17. He is the founder of the Canadian Society for the Prevention of Cruelty to Children. Dr. Barker believes that the Senate is the best agency to carry out this investigation, and he gives six reasons why.

These men to whom I have referred are leaders in the field of psychiatry. They have studied crime and criminals for many years. They are anxious that Canada take its place among other countries in conducting an in-depth study of the many factors that go into the making of a criminal.

What is the alternative to the death penalty? The answer is obvious, but not an easy one. The remedy is to get the child as soon as minimal brain disfunction is recognized or, better still, to prevent minimal brain disfunction from taking place. It has many causes. It can take place before birth, at birth and after birth.

A survey in Denmark shows that 15 of Denmark's 16 most vicious criminals suffered brain damage at birth. A survey in Denmark of 1,682 children, who were breach births, shows that 25 per cent of them failed in one or two grades before they reached grade 9. Many of them were dropouts. A survey done by the Salvation Army in Canada shows that 80 per cent of the first offenders to come before our courts had learning problems. The matter of learning problems has been known as specific learning disability and perception handicap, and is now known as minimal brain disfunction.

The Quebec Association for Children with Learning Problems received a LIP grant in 1976. After seven months of work they published a report entitled "Delinquent or Disabled." Anyone who reads that report will be aware that they were more disabled than delinquent. The disability came first, and the delinquency second.

An article in the Ottawa *Citizen*, in April 1975, reads as follows:

> "The Canadian Government could reduce juvenile delinquency and cut its criminal rehabilitation spending if it recognized and treated learning disabilities in children," says the president of the Ontario Association for Children with Learning Disabilities. Seventy per cent of the inmates of Canada's penal system have learning disabilities in their backgrounds. By school age, three or four children in every class fail to get a proper education because of undiagnosed learning disabilities. Many of the children who are made to sit in corners or stand in the hall as punishment are frustrated by learning disabilities.

A ten-year study made in Montreal, which began in 1963, on the nutrition of 2,000 public maternity patients, showed that many of them had a lack of protein in their diet, sufficient to cause minimal brain damage in the child. It is well known that children born of mothers addicted to heroin show the symptoms of heroin withdrawal a few days after birth. What is the future of these children?

It is well known that lack of oxygen in the blood supply of a child's brain before or during birth can cause brain damage. Dr. Leboyer, the Paris obstetrician, who for the past 12 years has delivered babies without offence to their senses of sight and sound, writes in his book *Birth Without Violence*, "Lack of oxygen, even for a few seconds, will damage the brain to the extent that the child will become a cripple."

Most of the boys with criminal records who go for treatment to the Father Flanagan Home in Omaha have minimal brain disfunction. The research carried out at Johns Hopkins Hospital should be of interest to our committee. Dr. Hardy, Professor of Pediatrics, carried out an intense physical, neurological and psychological evaluation of 6,000 children. This group has now reached the age of 10. The research shows that children who suffered damage during prenatal, perinatal and postnatal periods are the ones who, when raised in a home with stress factors such as alcoholism, or an absent parent, demonstrated less ability to develop socially acceptable behaviour patterns. Here the story unfolds of the psychological trauma in the home imposed on the physical trauma received before, during, or immediately after birth.

The *Globe and Mail* published during 1976 the life stories of several vicious criminals. Two of these, John Graham and Danny Robinson, were abused at home, in foster homes and in school. What is lacking in their life story is the prenatal, perinatal and postnatal periods of their lives. Did their mothers have a healthy diet when they were *in utero*? Did they have sufficient oxygen at birth? And what trauma did they receive in the first, second or third year of life? These are the lost chapters in the lives of most criminals.

● (1550)

Now, what would it cost to rescue children with symptoms of minimal brain disfunction very early in life by providing special teaching methods for them? What does it cost now to look after them? A study in Rhode Island shows that it costs $26,000 a year to maintain a boy in a reformatory, and it costs on an average $100,000 to keep that boy for a period of two to four years in the reformatory. What does it cost to maintain him when he becomes an adult criminal?

Honourable senators, don't worry about the cost of this proposed investigation. It will not be very much. We will not need a staff of researchers; the committee will not travel from place to place. The Auditor General will never find fault with or question expenses incurred by this committee. But through its work Canada can take its place, its proper place, alongside Denmark, Great Britain, France, the United States and Japan. I understand that in this field of research the Russians are now ahead of the western world.

Senator Deschatelets: Honourable senators, may I be permitted to say a few words on this subject? My remarks will have nothing to do with the nature of the motion proposed by Senator McGrand. I must congratulate him for the initiative he showed last year and in coming back again this year, and I hope that a committee will be organized to find the facts about violence in our society.

My remarks are addressed to the government leader and also to the deputy government leader, and have to do with the kind of committee we should have to deal with the subject matter of Senator McGrand's motion. This would be, in my

view, a fact-finding committee, and I hope that the criticisms I shall express will be well taken. When Senator Lamontagne the day before yesterday made his motion regarding the membership of his committee it was stated, I think, that there would be 20 or 22 members of that committee. I do not believe that with a committee of this size we can do good work, so I think it is about time for us to try an experiment. With respect to the kind of committee that Senator McGrand has in mind, I hope that the government leader and his deputy and the Senate will examine the possibility—and why not?—of appointing five senators who show an interest in the matters that have been raised. We could give those five senators the responsibility of getting the facts and reporting within, say, a year. I do not believe that these committees should extend their work beyond a period of one year. I think it is possible for five senators interested in this matter to come forward with valuable recommendations within a year.

It might be said that a committee of five senators is too small. One might be sick and another might not be able to attend for any one of a number of reasons, but it could be well understood that all members of the Senate are eligible to attend meetings of the committee so that there could always be five senators present to examine witnesses.

I am just throwing this suggestion out for what it is worth. Having regard to the number of standing and joint committees we have and the number of special committees—and possibly there will be others—I would further suggest that if we give this job to five senators we could relieve them of the duties they might have on other committees. We could then tell them that we are giving them this responsibility. We could say to them, "You get the facts and report within a year."

As I say, I am just throwing out that suggestion for what it is worth, but I think this is an experiment worth trying and this is an appropriate situation in which to try it.

Senator Langlois: Honourable senators, I should like to say just a word in reply to the suggestion made by Senator Deschatelets. If I understand him correctly, he is suggesting that a special fact-finding committee composed of five members be set up. I am informed that this way of proceeding in committee has been considered in the past, but in view of the fact that at times the Senate is short-handed, as it is at the present time due to the number of vacancies, such a suggestion could not be entertained.

However, this is not the purpose of the motion before us at the moment. What Senator McGrand is proposing is that this matter be referred to the Standing Senate Committee on Health, Welfare and Science, to which I have no objection.

While we are prepared to give some further consideration to the suggestion made by Senator Deschatelets this afternoon, I do not think we are prepared to make up our minds definitely on the matter at the present time, and, as I have said, this is not called for by the motion at present before the house.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until Tuesday, December 7, at 8 p.m.

THE SENATE

Tuesday, December 7, 1976

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Department of Consumer and Corporate Affairs for the fiscal year ended March 31, 1976, pursuant to section 10 of the Department of Consumer and Corporate Affairs Act, Chapter C-27, R.S.C., 1970.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. Dorval Diesel Ltée, Dorval, Quebec and the group of its office employees, represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (U.A.W.), Local 1450. Order dated December 2, 1976.

2. Dorval Diesel Ltée, Dorval, Quebec and the group of its plant employees, represented by the Syndicat des Employés de Dorval Diesel Ltée (CSN). Order dated December 2, 1976.

3. Mussens Equipment Limited, Lachine, Quebec and the group of its office employees, represented by The International Union of United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.), Locals 1044 and 1450. Order dated December 2, 1976.

4. Mussens Equipment Limited, Lachine, Quebec and the group of its plant employees, represented by The International Union of United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.), Locals 1044 and 1450. Order dated December 2, 1976.

Copies of Report of the Commission on the Costs of Transporting Grain by Rail, Volume I, dated October 1976. (Mr. Carl M. Snavely, Commissioner).

Report of The Fisheries Research Board of Canada for the year ended December 31, 1975, pursuant to section 12 of the Fisheries Research Board Act, Chapter F-24, R.S.C., 1970.

SCIENCE POLICY

FIRST REPORT OF SPECIAL SENATE COMMITTEE ADOPTED

Senator Lamontagne, Chairman of the Special Senate Committee on Science Policy, presented the first report of the committee as follows:

> Your committee recommends that its quorum be five (5) members.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Lamontagne: With leave, now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Perrault moved, with leave of the Senate and notwithstanding rule 45(1)(a):

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, 8th December, 1976, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

NATIONAL CAPITAL REGION

RECONSTITUTION OF SPECIAL JOINT COMMITTEE—QUESTION

Senator Deschatelets: Honourable senators, I have a question for the government leader. Would he kindly let us know if the Special Joint Committee on the National Capital Region will be reconstituted during this present session and, if so, when; and if not, why not?

Senator Perrault: Honourable senators, I can advise the honourable senator that the question is now under active consideration, that hopefully a more detailed statement can be made very shortly.

● (2010)

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

REPLY FROM PREMIER OF QUEBEC—QUESTION ANSWERED

Senator Perrault: Honourable senators, on December 2 of this year the Honourable Leader of the Opposition, Senator Flynn, asked the question:

> I wonder if the Leader of the Government would care to inform the Senate as to whether or not the government has drawn any conclusions from or is apprehensive about the reply of the Premier of the Province of Quebec to the Prime Minister's invitation to the upcoming Federal-Provincial Conference in which he stated that he was prepared to deal with the fiscal problems between Ottawa and the provinces, but not constitutional matters.

I wish to table a copy of the reply of the Premier of Quebec in which he noted that the discussion of federal-provincial fiscal relations would be the principal object of the meeting, and that he did not think there would be enough time to give the discussion of the Constitution its due. Federal-provincial relations have never been easy but the governments of Canada, whether federal or provincial, all seek to secure the welfare of Canadian citizens and to improve their standard of living. Sharing this common purpose with all provincial governments, the federal government sees no cause for apprehension with respect to the reply of the Prime Minister of Quebec.

In reply to a question in the House of Commons today, the Prime Minister stated that the provinces had agreed that there would be only two items on the agenda, the first being fiscal arrangements and the second the state of the economy; but the third item on the Constitution, at the request of at least some of the provinces, has now been placed on the agenda.

Senator Grosart: Honourable senators, if I heard the Leader of the Government correctly, there seems to be a contradiction. I understood him to say that the Constitution would not be on the agenda, and yet towards the end of his remarks he indicated that at the request of some of the provinces the matter of the Constitution would be on the agenda. Is there a contradiction here between that and what appeared to be the statement of the Prime Minister that there would not be time to discuss the Constitution at this particular Federal-Provincial Conference?

Senator Perrault: Honourable senators, the original thought of the Quebec provincial government was apparently that time would not permit adequate discussion of the Constitution, but I understand that a recent development at the conference has led to the inscription of this item on the agenda.

PRIVATE BILL

BELL CANADA—SECOND READING

The Senate resumed from Thursday, December 2, the debate on the motion of Senator Deschatelets for the second reading of Bill S-2, respecting Bell Canada.

Hon. Allister Grosart: Honourable senators, I am sure the chamber is aware that I adjourned this debate primarily for the purpose of allowing an interval in which those who might be interested in this most important bill would have time to study it. There is some reason to believe that that adjournment has been effective, because there has been considerable study of the bill at this stage. It seemed to me important that that study should take place while the debate on second reading was in progress and not only after the bill had, as the sponsor indicated, been referred to committee.

Perhaps I may be pardoned for pointing out to honourable senators that we are at the moment still debating the expediency of the petition. I mentioned this the other day and some honourable senators said, "No", but the motion before us includes the following words:

> Whereas Bell Canada, hereinafter called the "Company", has by its petition prayed that its Act of Incorporation and the Acts in amendment thereof be amended as hereinafter provided, and it is expedient to grant the prayer of the petition—

That is the motion before us. We are discussing the expediency of granting the petition. I will say no more on that point. Those honourable senators who are interested will be aware of the reason I have interjected that into my remarks.

At first glance, this seemed to be a bill merely asking the Parliament of Canada to make the necessary arrangements for Bell Canada to be able to increase its capitalization over the next decade. I do not think anyone would question the necessity of Bell Canada's continually increasing its capitalization. It is a highly capital intensive industry, and it is perfectly understandable that from time to time over the years since 1880 it has found it necessary to increase its capitalization. This company is a leader in Canada, a leader in the world, in high science and technology, which is an area requiring large capital expenditures. I would be the first to say that in many ways Bell Canada, through its subsidiaries and on its own, has made a magnificent contribution to research and development in Canada, and the use of research and development to produce important product innovations which not only serve the domestic market but also make some important inroads in export markets.

However, what struck me on a careful reading of the bill is that Bell Canada—perhaps understandably—is seeking to get out from under some of the controls which, up until now, the Parliament of Canada and the public of Canada have deemed necessary to control the operations of this very large company, whose activities affect the everyday lives of so many Canadian citizens.

In his explanation the sponsor said that one of the purposes of the bill is to eliminate the need to obtain CRTC approval of the amount, terms and conditions of each equity issue. We are aware that up until now approval of such equity issues has been required, but Bell Canada, for what I presume to be valid reasons, understandable reasons, wishes to be exempt from the control of this very important Canadian governmental commission.

If I may, I should like to quote from the sponsor's remarks as they are reported at page 182 of *Hansard* of December 2, as follows:

> The company also seeks authority to further alter its objects, powers and share capital by applying to the Minister of Consumer and Corporate Affairs for letters patent, which would be subject to resolution by either

house of Parliament during a period of 30 sitting days following their tabling before Parliament. This procedure, commonly known as the negative resolution procedure, is provided for in the Telesat Canada Act, and was most recently made part of the Income Tax Conventions Act, 1976.

Does this mean that Bell Canada is now seeking, through this apparently innocuous amendment, to get out from under the control of Parliament?

We are aware that there have been changes in the Canada Corporations Act whereby companies can be incorporated by letters patent. I was surprised that the sponsor of the bill gave us no explanation in this regard, and I think it is important that this point be raised at this particular time when we are dealing with the principle of the bill. It seems to me a very important principle of this bill—that it is in the public interest for Bell Canada, through an act of Parliament, to be allowed out from under this important control which, up until now, Parliament has found to be necessary. I am not at this stage arguing the point of whether this is so or not, but I would hope that the sponsor of the bill in speaking, as I presume he will, on the principle of the bill, will go into much greater detail in this respect than he did in his remarks on moving the second reading.

● (2020)

As a matter of fact, we have had no explanation of why Bell Canada now seeks to get out from under these control mechanisms which up to now appear, as I say, to have been regarded as necessary. I would ask him why Bell Canada now finds it convenient, or necessary, or expedient, to elimate the need to obtain the CRTC's approval of the amount, terms and conditions of each equity issue, and also why Bell Canada now seeks, to use the exact words of the sponsor, to further alter its objectives, and so on, including share capital, by applying to the minister, and to be able to do this by letters patent instead of coming, as they do now, to the Parliament of Canada to seek this authority.

This is particularly interesting to me in view of the fact that the sponsor of the bill has told us that the proposed $3.2 billion increase in capitalization at this particular time would meet the requirements of Bell Canada for the next decade. If this is so, why is it necessary to ask that Bell Canada be released from the obligation to obtain CRTC approval of each equity issue, thus—if that is the purpose—by-passing parliamentary authority and, in future, obtaining this authority merely by letters patent from the Department of Consumer and Corporate Affairs.

I think we can all understand the desire of Bell Canada, or any other company, to get out from under some of the controls that the business community finds objectionable at the moment, but it does seem to me rather startling that Bell Canada would appear to find it necessary to remove in one fell swoop these controls which, as I say, appear to have been found necessary up to now.

Hon. Jean-Paul Deschatelets: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the honourable Senator Deschatelets speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Deschatelets: Honourable senators, I have listened with great interest to the remarks made by some senators during this debate, and I wish to thank them for their comments.

It is not my intention to prolong this debate with any further extensive remarks, since an opportunity will be given to deal with all relevant matters pertaining to this bill when it is examined by the standing Senate committee to which it will be referred. There is one point, however, which I would like to clarify. In my initial remarks I stated that over 97 per cent of Bell Canada shareholders were resident in Canada. These shareholders own approximately 98 per cent of all the shares outstanding.

Last week the issue was raised—by Senator Greene, I think—of the relationship between Bell Canada and the American Telephone and Telegraph Company, or AT&T. He referred to AT&T, as the parent company of Bell Canada, exercising some form of control over it. I am advised that AT&T no longer owns any shares of Bell Canada, and has not owned any since January 1975, when it divested itself of what amounted to less than 2 per cent of the outstanding common stock of the company. I further understand that AT&T has no control whatsoever over Bell Canada. It is therefore correct to say that Bell Canada is a truly Canadian-owned company.

There is no doubt that my friend, Senator Grosart, has raised some important issues in connection with this bill. He will understand that I would not like to, and do not think that I should, deal in depth at this time with the important points he has raised. This will be done with the officials of the company in committee. I think that is the time at which to get satisfactory answers to the points raised by Senator Grosart. However, I want to make it perfectly clear that it is not the intention of Bell Canada, through this bill, to remove or to get away from total scrutiny by Parliament.

I would like to give just one clear-cut example of the situation in which Bell Canada is today, and I take as an example Canadian Pacific, which may increase its number of directors without reference to Parliament. Bell Canada had one experience some years ago when, because of the large number of shareholders—which I think is now about a quarter of a million—it was decided, in order to give the shareholders better representation at the directorship level, to increase the number of directors. I do not want to criticize our parliamentary system, but it took nearly 18 months to get that simple amendment to their charter through Parliament.

I think all of Senator Grosart's questions go to the root of the bill we have before us tonight. If this bill receives second reading, I intend to move that it be referred to an appropriate committee where it will be possible, with the officers of the company, to scrutinize the philosophy behind all these amend-

ments. I am sure the officers of the company will be in a position to give satisfactory answers.

Senator Grosart: I have no doubt that the bill will be dealt with exhaustively in committee, but as we are dealing with the principle of the bill here may I ask its sponsor if I am correct in assuming, if it becomes an act of Parliament, that it will not be necessary in future for Bell Canada to come to Parliament, as it has in this instance, for authority to increase its share capital? Is that the purpose, or the principle, of the bill?

Senator Deschatelets: The principle of the bill is that Bell Canada would like to be in the same position as most Canadian companies under the Canada Corporations Act with respect to amending its charter. I think that is the philosophy of the bill. Of course, as Senator Grosart knows, this has nothing to do with the rate structure of the company. It will still have to go to the CRTC with respect to that.

I hope my answer satisfies you, Senator Grosart.

● (2030)

Senator Grosart: I should like to be a little more specific, if I may. If we agree to second reading today, are we agreeing to the principle that in future Bell Canada may further alter its objects, its powers and its share capital without coming to Parliament? I just ask that simple question.

Senator Deschatelets: Under the Canada Corporations Act or other devices they will have to proceed through letters patent, I understand, under the Department of Consumer and Corporate Affairs. Of course, the whole purpose of this bill is to permit a company of the size of Bell Canada to get more flexibility in the future. I think this is the purpose of the bill.

Senator Grosart: It is a nice word for less control.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Deschatelets: Honourable senators, as you know, in the case of a private bill there has to be a delay of one week before there can be further study in committee. I therefore move that this bill be referred to the Standing Senate Committee on Transport and Communications.

Senator Grosart: I should just like to ask the sponsor a question in this respect. My understanding, when we discussed the bill earlier, was that it was the intention to refer it to the Standing Senate Committee on Banking, Trade and Commerce. The sponsor has now moved that it be referred to the Standing Senate Committee on Transport and Communications. Is there a reason for this apparent change?

Senator Deschatelets: I am glad Senator Grosart has raised this question. In my earlier remarks on second reading I said that by its nature we are here dealing with a financial bill. There is no doubt about that. I therefore thought the committee to study this bill should be the Standing Senate Committee on Banking, Trade and Commerce. However, on going over the rules I see that the appropriate committee for a bill having to do with telecommunications is the Transport and Communications Committee. This is the reason why I changed my mind. I am in the hands of the Senate, if honourable senators wish the bill to be referred to another committee.

Senator Grosart: I imagine we are governed by our rules in this respect. Our rules clearly state to which committee it should go.

Senator McIlraith: Honourable senators, I do not think the rule says that a bill dealing with corporate finance should go to the Standing Senate Committee on Transport and Communications. It says something quite different. In any event, the Senate has the authority and the power to send a bill to any committee it wishes.

I assume the rule the honourable senator is referring to is rule 67, which deals with standing committees, and provides in subsection (1)(i):

> The Senate Committee on Transport and Communications, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to transport and communications generally, including:
>
> (i) transport and communications by land, air, water, and space, whether by radio, telephone, telegraph, wire, cable—

Now, is this a bill that comes under that category, or is it one that comes under the jurisdiction of the Standing Senate Committee on Banking, Trade and Commerce? That is really the point at issue and, as I read the rules, it is a matter of opinion as to which committee honourable senators wish to refer it. It is true that it deals with transport and communications, but surely it is the corporate financial structure of the company that is the important point in this bill.

Senator Choquette: I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. I do not see any objection to that.

Senator Deschatelets: If there is a consensus, I could amend my motion in that manner. Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

Senator Smith (Queens-Shelburne): Transport and Communications; you were right the first time.

Senator Argue: You were right the first time; the rules say you were right.

Senator Walker: They do not at all and no one knows more about it than my friend Senator Deschatelets. It is obviously a financial and corporate matter, and the bill should be referred to the Standing Senate Committee on Banking, Trade and Commerce, as suggested by my friend.

Senator Deschatelets: I believe there is a consensus and I would like to amend my motion and have this bill referred to the Banking, Trade and Commerce Committee.

Senator Grosart: Honourable senators, while I am not objecting to the bill being referred to the Standing Senate Committee on Banking, Trade and Commerce, I believe it should be clear that under our rules it should be referred to the other committee. The rule is very clear that, if there be a motion, everything with respect to the following:

> . . . transport and communications generally, including:
>
> (i) transport and communications by land, air, water and space, whether by radio, telephone, telegraph, wire, cable, microwave, wireless, television, satellite, broadcasting, postal communications or any other form, method or means of communications or transport;

shall be referred to the Standing Senate Committee on Transport and Communications. I am not objecting to the suggestion that it might be more in the interests of an examination of the bill that it be referred to the other committee. However, we should be very careful about our procedure. The motion, I believe, should be notwithstanding this rule, which in my opinion is clear that this is a bill which should be referred to the Transport and Communications Committee. If it is the desire of the Senate that it should be referred to the Banking, Trade and Commerce Committee, this could be achieved, but we should be certain of our procedure.

Senator Deschatelets: Which rule did you quote?

Senator Grosart: Rule 67(1)(i).

Senator Buckwold: Before the mover of the motion speaks, I personally feel that this bill should be referred to the Standing Senate Committee on Transport and Communications, for the very reasons that have been so well outlined by the Acting Leader of the Opposition, in that the real concerns in this matter are not necessarily with the financial aspects.

Some Hon. Senators: Hear, hear.

Senator Buckwold: However, there are possible implications in some of the issues raised by Senator Grosart, and all of us must be a little uneasy with respect to such a large corporation as Bell Canada and the overall effect of this proposal. I sincerely believe that it would be well within the capability of the Standing Senate Committee on Transport and Communications to handle this, because of the very nature of the questions that have been raised. I hope that the bill will be referred to that committee.

Senator Perrault: Honourable senators, clearly if one reviews the rules of the Senate there is the possibility that this bill could be referred to either the Standing Senate Committee on Banking, Trade and Commerce or the Standing Senate Committee on Transport and Communications. One practical factor in this particular instance is that the Banking, Trade and Commerce Committee has a very heavy workload at the present time.

Some Hon. Senators: Hear, hear.

● (2040)

Senator Perrault: Possibly that idea was in the mind of the honourable senator when he made his motion of referral. The Banking, Trade and Commerce Committee will be extremely busy during the next few days and weeks. That may be a factor he has in mind.

Senator Choquette: The sponsor of the bill has just requested that it be sent to the Banking, Trade and Commerce Committee, and yet the Leader of the Government is saying that the sponsor had something else in mind. But he just asked that it be sent to the Banking, Trade and Commerce Committee.

Senator Argue: That was his second choice.

Senator Deschatelets: My original motion was that the bill be referred to the Standing Senate Committee on Transport and Communications. There were then some views expressed that the bill should go to the Standing Senate Committee on Banking, Trade and Commerce. I said that I was in the hands of the Senate. I was trying to see if there was a consensus.

I shall now go back to my original motion, honourable senators, that the bill be referred to the Standing Senate Committee on Transport and Communications.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

AGRICULTURE

"KENT COUNTY CAN BE SAVED!"—A COMMITTEE STUDY INTO AGRICULTURAL POTENTIAL OF EASTERN NEW BRUNSWICK—DEBATE ADJOURNED

Hon. Hazen Argue rose pursuant to notice of November 16, 1976:

> That he will call the attention of the Senate to the Report entitled: "Kent County Can Be Saved", a study into the agricultural potential of Eastern New Brunswick, of the Standing Senate Committee on Agriculture, which was appointed in the last session of Parliament and authorized in that session, without special reference by the Senate, to examine from time to time any aspect of the agricultural industry in Canada, tabled in the Senate on Tuesday, 16th November, 1976.

He said: Honourable senators, I am pleased to draw the attention of the Senate to the report of the Standing Senate Committee on Agriculture respecting Kent County. The report I have in my hand is entitled *Kent County Can Be Saved*!

Honourable senators who were here three or four years ago will realize that the report stems directly from the intervention of Senator Hervé Michaud, and is the result of his many contributions in the Senate regarding agricultural conditions in Kent County. On behalf of the committee and, I am sure, on behalf of all honourable senators, I wish to acknowledge the tremendous work done and leadership shown by Senator Michaud in connection with this matter.

Hon. Senators: Hear, hear.

Senator Argue: As chairman of the committee, I am grateful for the wonderful cooperation I have received from him and for the work he has done in this regard.

We were fortunate in that the members of the committee were active members who loyally attended the meetings. On no occasion was a quorum problem created. I am hopeful that as the committee inquires into other questions in the future, its members will retain the same kind of interest in them.

I would be remiss if I did not acknowledge the committee's indebtedness to a number of people who made outstanding contributions resulting in this report. I refer to the clerk of the committee, Mrs. A. Pritchard, who has devoted herself fully to the work of the committee and was most capable in all her undertakings in connection with this inquiry. Our research director was Mr. Albert Chambers, who brought a clear mind to the committee's deliberations and was the initial draftsman of many of the committee's reports. He did an outstanding job.

The committee was fortunate in having the services of Mr. Len Christie of the Parliamentary Library staff. He has worked diligently on the committee's reports over a number of years and has made an efficient and substantial contribution. The committee is indebted also to Mr. Tom Curren of the Parliamentary Library staff who in recent months made an important contribution towards the preparation of the report.

I want now to refer to Mr. P. L. Appleton who did a good deal of research in a relatively short time and whose assistance leading to the publication of this report was most valuable.

We consider this to be a positive report, one that makes a positive contribution to the solution of agricultural problems in Kent County. Honourable senators have over the years taken some pride in the kind of reports which have been produced from standing Senate committees—and, I think, justifiably so. The Agriculture Committee, in producing this report, feels that it can continue to make further important contributions.

While this may not be precisely on the subject before us, I should like to point out that the committee has decided to inquire into beef stabilization and, in this respect, we are receiving a great deal of cooperation from the industry and various producer organizations. The committee made its decision some weeks ago, following which I had a lengthy conversation with the Minister of Agriculture, the Honourable Eugene Whelan. I have received nothing but a positive response from the minister both to the inquiry's being made and the Senate's participation in it. Those of us who know the minister well acknowledge that he has been highly critical of the Senate over the years, and we are particularly pleased to have received from him a positive response to the proposed inquiry.

There have been many inquiries made into the beef industry. A recent commission inquired into marketing and price spreads in the beef industry, and a report was presented. Each of the three commissioners involved embodied, as it were, his or her own report in the overall report of that commission, and the minister said that the value of the report was greatly reduced because there was no consensus among the commissioners. That inquiry into beef price spreads covered a period of 14 months and cost the country $777,000.

I am one hundred per cent confident of two things: first, that the Senate committee's inquiry will cost the country only a small fraction of what that earlier inquiry cost; and, secondly, that we shall accomplish a great deal more. I am confident of that.

The Senate Agriculture Committee is in a preferred position when compared with other commissions of inquiry. Some commissions have filed their reports, cashed their last cheques, and have gone home, and, by and large, that has been the end of their contact with the government and the powers that be. That has not been entirely their fault. It is just the way it is. The government has a report, and it has to decide how much of that report should be acted upon.

In the weeks ahead we hope to follow up the committee's report on Kent County. The committee has today decided, with its research people and others, to make contact with the federal department on the various recommendations made by the committee, and to ascertain what their response is to those recommendations. We believe that if we stay on top of this report, as it is our duty to do, we shall be able to accomplish something substantial with regard to Kent County.

Kent County has been a problem for many years. But, as has been pointed out by Senator Michaud, and as is pointed out in this report, there are dozens of Kent Counties across Canada—rural areas suffering from depressed agricultural conditions, abandoned farms, and so on. We are confident that the type of action suggested in our report can be applied in more places than just Kent County.

Kent County has its own particular problem. Over the years there has been an abandonment of very large sections of the county. As a matter of fact, it is stated that some 80 per cent of the people who used to live in Kent County have now left. There has also been an abandonment of large parts of the agricultural industry. Even in the last 20 years there has been a large reduction in the agricultural acreage in that county, from 91,000 cultivated acres in 1951 to 33,000 cultivated acres in 1971; a reduction from 62,000 acres of crops in 1951 to 18,000 acres of crops in 1971. But the report points out that the climate of Kent County is such as to be favourable to a healthy agricultural industry. There are between 110 and 130 frost-free growing days; the annual precipitation is some 17 inches, which is favourable. As to the soil classification, 30.5 per cent is class 3 soil and 31.4 per cent is class 4 soil—two classes of soil with good agricultural potential. The best, of course, is class 1, and the second best is class 2, but classes 3 and 4 are very acceptable agricultural soil, so the potential production is there.

Why has agriculture fallen away in Kent County? Well, many reasons were put forward. One particular reason forms a thread which runs through the whole inquiry, and it is that the people lost hope. They decided there was no future in agriculture, and when they lost hope they left the agricultural industry. There were no assured markets, there was an insufficient

number of assured markets, and without any assurance of markets interest in agriculture was lost. There was very little technical assistance available. There was not the type of technical assistance represented by agricultural representatives or agronomes available to pass on necessary information to the farmers. They found it difficult, if not impossible, to obtain the capital required to improve their farming lot.

We went down to Kent County and talked to the people there, and we found that they were indeed pessimistic. We found they were disheartened. For example, and here I am reading from the report, "there is a feeling in some places that agriculture should be written off in our area and all production moved to the areas with the so-called comparative advantage,"; "the lack of information and, especially, the lack of courses in French. This is why there should be courses offered to interested parties in schools, institutes and universities".

Senator Walker: What county are you talking about?

Senator Argue: Kent County.

Senator Walker: In Ontario?

Senator Argue: No, in New Brunswick.

Senator Walker: At any rate, it is not in Saskatchewan.

Senator Argue: It is pointed out that about 60 per cent of the farmers in Kent County are French-speaking, and that the only way to provide technical information to those people in an understandable form is to do it in the French language. I might say that we brought in an interim report which dealt with this particular subject. Our committee was fortunate enough in one session to have as witnesses representatives from Laval University, Moncton University, the Agricultural College in Nova Scotia, and so on. We got these people together. They discussed the common problem and it appeared necessary to do something outstanding to make agricultural training in the French language available to high school students from Kent County, New Brunswick. Because of this meeting, because of our efforts and because of subsequent action by the federal authorities, with cooperation all the way along the line, it has been possible for 20 French-speaking students from New Brunswick to enroll in Laval University's four-year degree course in agriculture, and they will soon be graduating. It is everyone's hope that they will be able to go back to New Brunswick to provide agricultural services in the French language to those who require them.

I am especially proud, honourable senators, of our committee's accomplishing this particular thing, not only as a contribution to agriculture but as a contribution to Canada and to national unity.

The whole market possibility has been surveyed. It would appear that with the exception of potatoes, blueberries and strawberries, New Brunswick is a deficit area with respect to other agricultural products. It was pointed out that there is a large market in the eastern counties of New Brunswick—Kent County and the four counties surrounding it—there is a very substantial market in New Brunswick, the Maritimes, the Gaspé Peninsula and Quebec for the kind of vegetables, a wide ranging variety of vegetables, that could be grown on suitable soils located in an area with a suitable climate, namely, in Kent County. And it was felt action should be taken to encourage farmers to produce the kind of agricultural products for which a market could be made available.

It was recommended, and it is recommended in the report, that we should not try to utilize all the potential agricultural acreage in Kent County, but that a reasonable objective would be to endeavour to restore to agricultural production the number of acres that were in agricultural production in 1951. This would mean an increase in agricultural production in that area for the future of some 44,000 acres—24,000 acres in feed grain, 10,000 acres in hay, 4,000 acres or more in vegetables, 6,000 acres in fruits, and so on.

There are many, many statistics in the report, but the report speaks for itself. It is well documented and it points out that there has to be action taken to assure a market—that is, to get land into production and to match it with a market. It is pointed out that there are some disadvantages for agriculture in that part of Canada. For example, agricultural machinery is priced higher in New Brunswick than it is in central Canada. Fertilizer costs are higher. It is also pointed out that land costs are lower. The cost of obtaining land in the first place is lower, and there are other costs that are lower. The prices that the farmers receive for agricultural products are higher in that part of Canada. I think the report is able to demonstrate that given the possibility of a market—and the market exists; it is just a question of who is going to produce for the market given the possibility of a market, then agricultural production can be forthcoming on an economic basis in that part of Canada.

The committee has made a very large number of recommendations, and they have made them after concluding that the situation is such as to require some very forthright action. This is pointed out on page 77 under the heading "Conclusions."

> In general, it is quite obvious that government programs, both federal and provincial, aimed at the development of rural areas have seldom succeeded in Kent County or elsewhere. The preceding critique of government programs identifies a number of common mistakes embodied in many of these programs.
>
> 1) Paternalism overrides all else in agriculture and rural development policy. There are federal-provincial agreements, never federal-provincial-people agreements.
>
> 2) Many national policies when they are applied nationally are not suited for regional economies such as we have in Canada, and should be adapted to regional needs.
>
> 3) Shortage of experienced and knowledgeable implementation officers hinders the operations of most programs.
>
> 4) The lack of incentives in programs for people to help themselves is too often missing.
>
> "I would say that more must be done between the provinces and the federal government in simply sitting

down with people in Kent County, or anywhere else in the Atlantic Provinces, in an attempt to reach a tripartite agreement, not federal-provincial, but one which would commit the local people also."

Then there is a substantial number of recommendations, and they are far-reaching. I shall not endeavour to refer to all of them, but I should like to refer to some of the recommendations:

1. That the federal and provincial governments and the people of Kent go on record committing themselves to a conscientious long-term agricultural development effort in Kent County.

2. The establishment of the Kent County Development Association, organized and run by the people to speak on behalf of the people and the governments recognize this body as the main spokesman for the development in Kent County and that the activity of all government staff in Kent be in line with the development plan for the county as outlined by this association.

3. The establishment of an inter-organizational federal-provincial-people committee to coordinate government support for development programs as outlined by the Kent County Development Association.

It was recommended that the Kent County Development Association should enter into a long-term agreement with a top agricultural production specialist and also with a top agricultural marketing specialist. It was recommended that demonstration farms be established in Kent County for hogs, beef and vegetables, grain and forages through contractual arrangements with local farmers and the continued support in their operation by the Kent County Development Association and the Department of Agriculture.

It was recommended that courses be offered at Laval University, Nova Scotia Agricultural College, Macdonald College or Memramcook Institute for a series of short courses on agricultural production and on farm management.

There are many recommendations that go on in great detail as proposed by the committee. We feel that government programs, including LIP, New Horizons grants, DREE grants, and so on, should be tailor-made in their application to the needs of Kent County, and this would mean programs which have economic development in that area as a key feature.

We are asking that the New Brunswick Department of Agriculture and Rural Development establish an agricultural and food marketing group to help Kent County obtain improved markets. We are asking for changes in the federal crop insurance program.

I have outlined in a brief way, perhaps an inadequate way, some of the recommendations contained in this report. We recognize that the report by itself will accomplish nothing unless the federal government and its departments, the provincial government of New Brunswick and its departments, the local people concerned and their organizations, will take up some of these recommendations and some of these ideas to see if they can be put into operation.

Representatives of our committee, members of our committee, hope to return to New Brunswick early in the new year to talk with the local people to see what they feel about the report and what action they are taking with respect to the report. We hope to make contacts with the Government of New Brunswick along the same lines, and, as I said earlier, we are endeavouring to make contacts with the federal government in the hope that these recommendations will be followed up.

Senator Michaud is not here tonight because he has been in ill health. He has had an operation. The operation was fully successful. He is on the road to complete and early recovery. His doctor has advised him not to participate in the deliberations of the Senate until after the holiday season. I know that as soon as he is able he will be back in this chamber and will make a more comprehensive, a more learned contribution to this subject than I am able to do. But I am pleased on behalf of the committee to draw the attention of the Senate to this report. I hope there will be further contributions in the Senate on this subject, and I hope in the days that are ahead that we may be able to report to the Senate further successes in the recommendations that we have made.

Senator Robichaud: Honourable senators, on behalf of Senator Michaud, I move the adjournment of the debate; however, if certain circumstances occur through which Senator Michaud is unable to speak at an early point in the debate, I shall gladly do so myself.

On motion of Senator Robichaud for Senator Michaud, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 8, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of a letter, dated December 1, 1976, from the Under Secretary of State for External Affairs, to Mr. A. F. Kaulakis, Vice-President (Energy Development), The Pittston Company, New York, respecting the use of Head Harbour Passage.

Report on operations under the Regional Development Incentives Act for the month of August 1976, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

TRANSPORTATION

EFFECT ON DIFFERENT REGIONS OF CANADA—MOTION TO REFER SUBJECT MATTER TO TRANSPORT AND COMMUNICATIONS COMMITTEE—DEBATE ADJOURNED

Hon. M. Lorne Bonnell rose pursuant to notice of December 1:

That he will call the attention of the Senate to transportation in Canada, whether by land, by air or by sea, especially as it affects the different regions of Canada.

He said: Honourable senators, I did not intend to speak today but I found that the last time I tried to say a few words on transportation I was jammed between two very important pieces of legislation, not having any other opportunity to speak. I understand that there is no legislation to come before the Senate today, and therefore we can spend the next couple of hours on a very important topic.

Senator Phillips: Only two hours?

Senator Flynn: Is that a threat or promise?

Senator Bonnell: Honourable senators, in speaking to this inquiry, I wish to state that in my opinion transportation is one of the most important issues in Canada today. It is an issue which can bring the east and the west closer together in a common bond and, as a result, make for stronger national unity if a proper and equitable transportation policy can be brought forth. I further believe that while there has been a great deal of talk concerning transportation during the last two to three years, there has been very little action.

In April of this year I called the attention of the Senate to transportation in Canada, particularly with reference to the British North America Act, with special emphasis on Prince Edward Island. Today I hope to speak of transportation in general, but with special emphasis on the eastern region of this country.

Transportation is the lifeline of most of our provinces, but especially our island provinces, Prince Edward Island and Newfoundland. The whole economy of Prince Edward Island is based on their ability to export their goods to the rest of Canada as well as to the foreign markets of the world. It is also necessary for island provinces to be able to compete without elaborate transportation costs so that they can trade in the marketplaces of this country. It is for that reason that I believe the time has come when the Government of Canada will have to place more emphasis, and special emphasis, on the needs of transportation in Canada, especially in Atlantic Canada, and probably more particularly in Prince Edward Island and Newfoundland.

● (1410)

On May 11, 1976, the present Minister of Transport, the Honourable Otto Lang, while speaking to the Prince Edward Island Tourist Association and the Prince Edward Island Restaurant Association at the Charlottetown Hotel, said:

The users of transportation services should pay the full cost of the service they are getting and know exactly what that cost is.

Mr. Lang said that the present system forces the non-users to pay for services and that users should be forced to pay a realistic cost when they travel or move freight. After this speech by the minister, the headlines of the local daily newspaper stated:

Lang message stresses Pay-as-You-Use policy.

Honourable senators, I do not agree with this policy. I believe that if in many areas of this country the users pay the total cost of the services we will destroy Canada as a nation. Further, with respect to transportation costs, the Department of Transport allowed Northumberland Ferry Limited in Prince Edward Island to increase their rates in travelling to Prince Edward Island by 100 per cent, effective June 23, 1976. Fares for automobiles were increased from $3 to $6; fares for passengers were increased from 75 cents to $1.50; fares for trailers were increased from 30 cents a lineal foot to 60 cents a lineal foot.

Last year, when speaking to the inquiry, I suggested that Prince Edward Island, through the terms of union with Canada, was guaranteed continuous transportation services between the mainland and Prince Edward Island at the cost and expense of the federal government. However, according to the Charlottetown *Guardian* of Wednesday, May 12, 1976, the Minister of Transport, is quoted as saying that the federal

government is not going to give one part of the country special treatment because they have geographic handicaps.

I believe that special treatment is not necessary. Rather, what is necessary for Prince Edward Island is its just rights and dues, as agreed between the province and the Government of Canada under its terms of union. The Minister of Transport is quoted further as saying that he regards the distance from Saskatchewan to Ottawa the same, in his view, as the Northumberland Strait crossing between Prince Edward Island and New Brunswick. He stated further that he could not treat the ferry run as an extension of the Trans-Canada Highway because of the problem of who whould have jurisdiction over it.

I can assure the Minister of Transport that the people of Prince Edward Island would be pleased to give him jurisdiction over transportation across the Northumberland Strait because, according to the British North America Act, it is the responsibility of the Government of Canada and not the province of Prince Edward Island to provide and guarantee continous communication with the mainland.

Increased ferry rates and transportation costs severely hurt the economy of Prince Edward Island in the summer of 1976. The tourist industry, which was probably the second most important industry in the province, was down 10 per cent because of increased transportation costs. At the same time, I have been told, the provincial parks in Nova Scotia had an increased usage of 20 per cent. When we consider that people are penalized some $50 for going to Prince Edward Island with their trailers for a few days' holiday, honourable senators can see why so many tourists stayed in Nova Scotia and New Brunswick, thus increasing the demand on the provincial parks in those provinces.

The greatest percentage of tourists visiting Prince Edward Island come from Nova Scotia and New Brunswick. Last summer they were deterred from coming because of increased ferry rates and transportation costs, so it is my contention that the user-pay policy cannot and must not be allowed to be the federal government's policy with regard to Prince Edward Island, or, for that matter, Atlantic Canada.

It is for this reason that I believe the time has come when the Senate must become actively involved in protecting regional rights in this country, and consequently this subject matter should be referred to the Standing Senate Committee on Transport and Communications.

I believe that the committee should look into transportation as it affects Canadian unity, the Canadian economy, and regional growth and development. It should make recommendations to the department for a more equitable transportation system, which would allow the sale of Prince Edward Island potatoes to western Canada, of western wheat to eastern Canada, of British Columbia lumber to eastern Canada, as well as Atlantic coast lobsters to British Columbia, at a fair and equitable cost and a small mark-up in value. But I do not believe that the cost of the CNR and CPR operations should be charged to any one segment of the country or of the economy but, rather, should be made available to all Canadians so that they can trade together and ship their goods from one province to another without having heavy transportation charges added to the cost of their goods.

I believe there is need for a study into the possibility of the Canadian National and the Canadian Pacific making more refrigerator cars available so that eastern potatoes and western apples, and other agricultural products, can be shipped without fear of damage. I understand that the refrigerator cars owned by these railway companies are now in short supply. People in the shipping business know that reefer cars are required when there is a market for potatoes, not two weeks hence when the market has been lost.

• (1420)

I further believe that the Canadian National Railways is abandoning many railway lines in Prince Edward Island. It presently has an application before the Canadian Transport Commission to abandon the Murray River-Murray Harbour line. If it is allowed to do so, it will no doubt seek permission to abandon other lines in Prince Edward Island, which is precisely what has happened in respect of passenger train service. I believe that the overall CNR transportation policy should be studied, especially as to rail abandonment.

In the local newspaper of October 30, 1976, the Minister of Transport is reported as saying that new airline style interiors will gradually be introduced into passenger train service, beginning with the equipping of trains on the transcontinental and Montreal-Quebec City routes. He further stated that the new design will be found in trains which will be ordered early next year for the Montreal-Quebec City route. Those trains are expected to begin operating on the CP lines between Montreal and Quebec City in 1980. That is a good thing. I further believe that rail transportation generally should be upgraded from coast to coast. We need an overall transportation policy so that the people of Canada will know what to expect in the way of rail passenger service and rail freight service, what anticipated rate increases can be expected, how the economies of the various regions of Canada will be affected, how best such a policy can be made to tie the regions of Canada together rather than separating them, and how best federal dollars can be expended in subsidizing transportation losses, whether by sea, air or land.

I believe that an internal study is necessary, and now seems to be the time. I believe that we have the personnel and the capability in the Senate to carry out such a study and to make strong recommendations to the Department of Transport on a future transportation policy for Canada.

While I have mentioned a few of the weaknesses in the transportation policy of this country, I should not like to leave the impression that it is all bad. The Prince Edward Island-mainland ferry service received subsidies in 1975 in excess of $16 million. When you consider that we are complaining about a 100 per cent increase in cost, you can well imagine the cost of using those ferries were the Minister of Transport to put them on a user-pay basis.

Some ferry services in Atlantic Canada received even greater subsidies than that received by the Prince Edward Island-mainland ferry service. The Nova Scotia to Newfoundland ferry service, for example, received $59.6 million by way of federal aid in 1975; the Digby to Saint John ferry service received $880,000 from the federal government in 1975; the Yarmouth to Bar Harbour ferry service received $1.5 million; and the Newfoundland coastal service received $22 million.

In addition to ferry service subsidies, the Atlantic region received $16.1 million in 1975 under the Maritime Freight Rates Act, and an additional $21 million was made available in Atlantic region freight assistance. Air rates in Atlantic Canada were subsidized in 1975 by $1.7 million.

The federal Department of Transport subsidizes transportation in one way or another in Atlantic Canada by $100 million a year, for which we are certainly appreciative. However, should the Government of Canada ever decide to put transportation on a user-pay basis, it would be the ruination of Atlantic Canada. In that eventuality, we would have to look to European and American markets for trade purposes as transportation costs to markets within Canada would be astronomical.

Honourable senators, I should like the Standing Senate Committee on Transport and Communications to be authorized to investigate transportation in Canada, to look into the specific needs of specific regions of this country and bring back a report containing recommendations it feels can be put into effect so that the large sums of federal subsidies being paid out by the Government of Canada can be put to better use; so that transportation services can be upgraded; so that the Government of Canada will realize the folly of the user-pay policy and, as a result, bring forth new direction and new policies for transportation in Canada, whether it be along the coast of British Columbia, along the coast of Newfoundland, or between provinces or within provinces, with a view towards establishing a strong transportation policy which will really unite this country.

Therefore, I move, seconded by Senator Norrie, that the subject matter of the inquiry be referred to the Standing Senate Committee on Transport and Communications.

Senator Langlois: Honourable senators, if no other honourable senator wishes to speak on this matter at this time, I should like to move the adjournment of the debate on Senator Bonnell's motion.

On motion of Senator Langlois, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Before moving the adjournment of the Senate, I should like to remind honourable senators that there are three important committee meetings this afternoon. The Standing Senate Committee on Banking, Trade and Commerce is meeting in room 256-S to consider the subject matter of Bill C-22, the Income Tax bill. The Special Senate Committee on Science Policy will meet in room 356-S to consider Canadian Government and other expenditures on scientific activities and matters relating thereto. Finally, the Standing Senate Committee on Agriculture will meet in room 263-S for a preliminary consideration of the forthcoming inquiry into the Canadian beef industry. This will be a briefing session, and will be held *in camera.*

Senator Lamontagne: Honourable senators, before the motion is put, may I say that the Special Senate Committee on Science Policy will meet as soon as we adjourn, instead of at 3.30.

The Senate adjourned until tomorrow at 2 p.m.

80003—14½

THE SENATE

Thursday, December 9, 1976

The Senate met at 2 p.m. the Speaker in the Chair.

Prayers.

[*Translation*]

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that the Honourable Jean Marchand, P.C., has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated.

The Honourable Jean Marchand of Quebec City, introduced between the Honourable Léopold Langlois and the Honourable Raymond J. Perrault, P.C.

The Hon. the Speaker informed the Senate that honourable Senator Marchand, P.C. had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

DOCUMENTS TABLED

[*English*]

Senator Perrault tabled:

Copies of Statements by the Minister of Finance to the Federal-Provincial Conference of Finance Ministers, held in Ottawa on December 6-7, 1976, entitled—

1. "Fiscal Arrangements and Established Programs Financing".

2. "The Economic and Fiscal Situation".

3. "The Anti-Inflation Program and Issues of Decontrol".

Document entitled "Background to the Federal-Provincial Conference of Finance Ministers", held in Ottawa on December 6-7, 1976.

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS APPENDIX

Senator Macnaughton: Honourable senators, on behalf of Senator Hayden, I have the honour to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-22, to amend the statute law relating to income tax. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* for this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 213*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Banking, Trade and Commerce,

Agriculture,

National Finance,

Science Policy, and

Foreign Affairs.

(*For texts of reports, see today's Minutes of the Proceedings of the Senate.*)

THE ESTIMATES

REPORTS OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) AND (C) PRESENTED AND PRINTED AS APPENDIXES

Senator Everett: Honourable senators, I have the honour to present the reports of the Standing Senate Committee on National Finance on supplementary estimates (B) and (C) for the fiscal year ending March 31, 1977. I would ask that the reports be printed as appendixes to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For texts of reports, see Appendix "B", p. 217 and Appendix "C", p.222*)

• (1410)

The Clerk Assistant (*Reading*)**:** The Standing Senate Committee on National Finance to which the supplementary estimates (B) laid before Parliament—

Senator Cook: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Flynn: Later this day.

The Clerk Assistant (*Reading*)**:** The Standing Senate Committee on National Finance to which the supplementary estimates (C) laid before Parliament—

Senator Flynn: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Flynn: Later this day.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45 (1) (g), I move that when the Senate adjourns today it do stand adjourned until Monday next, December 13, 1976, at 8 o'clock in the evening.

Before the question is put I should like to give the usual summary of what we can expect for next week.

In moving the adjournment until Monday evening, we have taken into consideration the fact that the supply bill covering supplementary estimates (B) and (C) will pass the House of Commons tonight, and we will have to deal with it early next week.

In addition, Bill C-22, to amend the statute law relating to income tax, will be coming to us next week. As honourable senators are aware, an agreement has been reached in the other place to complete all stages of Bill C-19, the Government Expenditures Restraint Act, by Friday of next week, and we should be in a position to proceed with that bill on the following Monday, December 20.

In addition to the items now on the order paper, there is a heavy schedule of committee work for next week.

On Tuesday the Transport and Communications Committee has scheduled a meeting for 10 a.m. to consider and hear witnesses on Bill S-2, respecting Bell Canada. The Foreign Affairs Committee will meet at 2.30 p.m. on Canada-United States relations, and the Joint Committee on Regulations and other Statutory Instruments has called a meeting for 8 p.m.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to consider the white paper on Canadian banking legislation, and there will be a meeting of the Agriculture Committee on the Canadian beef industry at 3.30 p.m. or when the Senate rises.

On Thursday the Agriculture Committee will meet at 9.30 a.m. on the beef industry and, at the same time, the Foreign Affairs Committee will again consider Canada-United States relations. The Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m.

There will be another meeting of the Agriculture Committee on the beef industry on Friday, but no time has yet been set.

Senator Flynn: What legislation can we expect to receive?

Senator Langlois: As I have already mentioned, we shall have the supply bill covering supplementary estimates (B) and (C). Bill C-22 will also be coming to us, and the following week we shall have Bill C-19.

Senator Flynn: That is only a wish.

Senator Langlois: No. The supply bill will be passed in the House of Commons tonight.

Senator Flynn: By agreement?

Senator Langlois: Yes.

Senator McIlraith: It is fixed by the rules over there.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting on Tuesday next, 14th December, 1976, and that rule 76(4) be suspended in relation there.

Motion agreed to.

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

PATRIATION OF THE CONSTITUTION—QUESTION

Senator Grosart: Honourable senators, I wonder if I could direct a question to the Leader of the Government asking him to clear up a confusion which appears to have arisen as to the agenda of the meeting of federal-provincial first ministers which is to take place in the near future.

The Leader of the Government, in reply to a question by Senator Flynn, and to a question of mine subsequent to his answer thereto, made this reply on December 7:

> Honourable senators, the original thought of the Quebec provincial government was apparently that time would not permit adequate discussion of the Constitution, but I understand that a recent development at the conference has led to the inscription of this item on the agenda.

At that time I asked him if there was some difference between his view of this and the Prime Minister's. On the same day in the House of Commons the Prime Minister made a statement which was not quite the same. He said that:

> . . . the provinces have agreed that there will be only two items on the agenda, the first being fiscal arrangements and the second the state of the economy. In other words, the third item on the Constitution, at the request of at least some of the provinces, has been stood over.

So on the same day we had two different statements as to the items on that agenda.

The questions I would ask the leader arising out of that are: First, does this indicate an on-and-off approach to this important problem of patriation—if that is the correct word—of the Constitution? Second, does it indicate that the federal government is now giving a much lower priority to the question of the problem of patriating the Constitution than was indicated in some earlier official statements? Third, in view of the difference between the statement he made and the statement made by the Prime Minister, again on the same date, the Prime Minister having said that the objection to including the question of the Constitution on the agenda was at the request of "at least some of the provinces," whereas in his statement the Leader of the Government here specifically said that "the original thought of the Quebec provincial government was apparently that time would not permit adequate discussion of the Constitution," will he tell us exactly what provincial or other government objected to the question of the Constitution being included in the agenda of the Federal-Provincial Conference of First Ministers?

Senator Perrault: Honourable senators, that is an important and complex question. The reply I gave the other day was based on the best information available to me at the time. I think it would be wise for me to take this question as notice, and I shall endeavour to make a full statement to the Senate next week. It is an important question and I do not want to offer anything less than the full reply it deserves.

Senator Grosart: You are certainly wise.

Senator Flynn: That will be on Monday, I suppose, on the eve of the conference.

Senator Perrault: Well,—

Senator Flynn: Or on the day of the conference.

● (1420)

Senator Perrault: Certainly, Monday will be the target date, but the endeavour will be to prepare as adequate a reply as possible.

Senator Flynn: If the conference has started you will be in a very good position to give a clear answer.

Senator Perrault: The government always finds it relatively easy to give clear answers.

Senator Flynn: You are the only one.

Senator Grosart: Clear if conflicting.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Norrie:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and

That the committee have power to sit during adjournments of the Senate.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I defer to the Honourable Senator Norrie.

Hon. Margaret Norrie: Honourable senators, it is an honour to be named the seconder of this motion, to which I give my full support.

If honourable senators wish to refresh their memories of the work the Standing Senate Committee on Health, Welfare and Science pursued during the months of April to June, 1976, on the feasibility of such a study, I would recommend that they re-read Senator McGrand's account of the witnesses and of the letters he has received from far and near, for which reference could be made to the *Debates of the Senate* of December 2, 1976.

Along with other doctors, the Chief of Forensic Services, Carke Institute of Psychiatry, Dr. C.K. McKnight, was most positive and urgent in his remarks. In his opinion there are many reasons why this study should be undertaken.

> Although it would be hard to document all the reasons for this study, there is a real sense of urgency that we must do something concrete about these problems before it is too late. Time is running out on us.

Learning disabilities usually show up forcefully in the child and to the parents and teachers when the child starts school, but those same disabilities were there during pre-school age also.

Judge Holte, Superior Court judge in the State of Washington, recently spoke at a conference on "Youth in Trouble," sponsored by the British Columbia and Vancouver Association of Canadian Learning Disabilities (ACLD). Prior to becoming a judge, a little before 1971, he was a partner in a law firm. One of his partners was a Mr. Paul Williams, who had several children suffering from learning disabilities. While Judge Holte was serving as a juvenile court judge, Mr. Williams approached him concerning a possible connection, if any, between learning disabilities and juvenile delinquency. The judge had never heard of such a thing, but he agreed to make inquiries to see if there might be any such connection. He made a couple of superficial inquiries, but he was so abysmally ignorant on the subject that he did not really know what he was looking for. In February 1971, Mr. Williams informed him that he was to be a luncheon speaker on March 27, 1971. This luncheon was part of a symposium sponsored by The Orton Society Incorporated, dealing with the subject, "Saving Teenagers with Learning Disabilities." About March 1, the

judge started doing some research because he knew he would be speaking to a group of professionals. When he saw the names of the other speakers he knew he was out of his class. As he researched his subject he became startled and concerned about two things. First, there seemed to be a dearth of material relating to any connection between learning disabilities and juvenile delinquency. He found only two articles in this area. Secondly, he was appalled at his total lack of knowledge on a subject which should be lifted up as crucial in all areas concerned with juvenile problems and rehabilitation.

For the better part of a year he had worked with juveniles, attending conferences, visiting institutions and talking to state county and private professionals in the field. He had two meetings with representatives of the 18 law enforcement agencies in his county. He talked to over 100 school administrators and counsellors from that county. He spoke at and served on panels for regional and state meetings of PTA. In all of this he did not hear a single word about, nor was any concern expressed for, learning disabilities. Educators, medical people, and people in the behavioural sciences have all been aware of learning disabilities for many years. Yet there appeared to be little if any awareness of a connection between learning disabilities and juvenile anti-social conduct.

As he thought back over the 700 or more cases he had heard in the 10-month period while serving as a juvenile court judge, he had a gut reaction that made him almost physically ill. He could not remember them by name, but about 80 per cent of the boys and half that percentage of the girls were experiencing difficulties in school. There is such an obvious pattern once one is alerted and has some idea what to look for that he could not understand why people who had worked for years with disturbed youngsters had not tried to do something about it. Later he discovered some dedicated persons who had made some progress in this area, but they are pitifully inadequate. For some reason the schools seem anxious to get rid of the disrupters, and the implication is there—and sometimes the flat statement is made—that the juveniles are too dumb, too stupid and too lazy to learn.

As he investigated and read the material available he noted with growing concern how people with learning disabilities transposed words and spelled phonetically. Some of the correspondence which had been intercepted when mailed from detention centres flashed in his mind; "god" for "dog" and "tac" for "cat" were a couple of samples. Fifteen- and 16-year olds were spelling like second and third graders. Some of the comments by probation officers and social case workers were recalled: "This kid is plenty smart, but no one can motivate him." Or "He seems intelligent enough, but he writes like a third grader instead of a ninth grader."

No one seemed to know exactly why they had these 12- and 16-year old illiterates who had completed anywhere from six to 10 grades of school. Everyone felt sorry for them, but they were very difficult to work with.

• (1430)

That may have some connection with an item I read in a Halifax newspaper recently to the effect that there are some 138,000 illiterate people in Nova Scotia. I immediately telephoned the principal of the Nova Scotia Teachers' College for his views on the matter and he seemed to think that it was a rash statement. He said he would follow it up, but as yet I have received no further details.

It any event, they were difficult to work with and everyone felt sorry for them. Their parents and the school system had all but given up. It is very difficult, if not impossible, to rehabilitate someone who can neither read nor write. In addition, they appear to hate everyone and everything. It is the general feeling among probation officers and social caseworkers, however, that they hate themselves most of all. It is extremely discouraging to be branded a failure in the first or second grade, and to carry that stigma through the sixth grade and into junior high school.

Perhaps I should not be speaking at such length about young people with learning disabilities. The point is that these same learning disabilities were present when they were infants and we, as adults, were not able to detect them, and as concerned adults we must find a way to detect such impediments and correct them before these young children become juvenile delinquents.

If I may, I should like to give you one teenager's definition of a learning disability, which is: Having a learning disability is like climbing a mountain on your hands and knees while everyone else has a ticket for the ski lift.

Another area of concern is that of daycare centres in Canada. It is evident that daycare is available only to the very poor, through the Canada Assistance Plan, or to the rich. We have to ensure that the available facilities are adequate and within everyone's reach. According to figures from the Daycare Child Development Council of America, as of September 1965, 38,000 children in the United States under the age of five were left without adult care during working hours. Let us hope and pray that in the intervening years that situation has improved. But who knows?

The Women's Bureau of the Department of Labour, in 1971, calculated that there were 17,400 children of working mothers—children under 14 years of age—enrolled in daycare centres. This represented only 1¼ per cent of the 1,380,000 such children. According to the 1973 figures of the Department of Health and Welfare, there were full-time daycare facilities available in Canada for 26,811 children. However, because of the increased number of women in the labour force, that still only represents 1¾ per cent of children under the age of 14 years with working mothers. While 7 per cent of children in the three-to five-year age bracket of working mothers are enrolled in licensed daycare facilities, less than 2 per cent of children under three years of age are enrolled.

Honourable senators, there are other factors in addition to learning disabilities which could lead to juvenile delinquency and a life of crime if not detected early, such as mental cruelty to children, battered children, malnutrition—both prenatal and postnatal—injury at birth, and insecurity during the childhood years.

I should like to quote from the remarks of Dr. E. T. Barker, who appeared before the Standing Senate Committee on Health, Welfare and Science on June 17, 1976, as follows:

> I cannot help but be very greatly impressed by the incisiveness and breadth of knowledge reflected in the discussions of you and your committee members on this matter. Perhaps I have become too used to more fuzzy-minded psychiatric discussions! What comes through from the proceedings, in addition, is the great tenacity with which Senator McGrand has pursued this most important matter. In my experience, such singleness of purpose is both rare and admirable . . . it is only through more extensive knowledge regarding *causal* factors occurring very early in a child's life (pregnancy, birth, the first two or three years) that *preventive* programs can be developed. As has been known for many years now, it is in these early years that "the die is cast" or "the concrete hardens".

He went on to say:

> Why should a Senate committee inquire into and report factors occurring early in a child's life which may later lead to disturbed or violent behaviour?
>
> Because it is of such vital importance? Yes.

For many years, our government has been deeply concerned about the rise in the crime rate in respect of both petty and major incidents. Every avenue has been researched and explored for possible causes of crime except in the disturbed pre-school child and pre-natal baby, where the disturbance or damage is due to malnutrition, injury or drugs. Senator McGrand has received pointed and shocking statements from many professional people which lead us to believe we should carry this study further.

Dr. Barker feels that the Senate is a perfect arena for receiving proof, often private and shocking, from fearful, timid people. He says this:

> A child can't run away. It can't fight back. It is totally dependent on its parents. It can't hire a lawyer. Children are accepted by society as their parents' chattels. You can kick a kid in the head if you want to, or you can screw his mind in other ways.
>
> Physical abuse, the battered baby is only the tip of the iceberg. For every kid who has had his head kicked in there are thousands who have had their minds damaged who are rendered less effective as adult human beings.

Dr. Laing said:

> From the moment of birth, when the stone-age baby confronts the twentieth century mother, the baby is subjected to forces of outrageous violence, called love, as the mother and father have been and their parents and their parents before them. These forces are concerned mainly with destroying most of its potentialities.

And I would like to add that I was shocked, indeed, to see that there are exactly 54 pages of liquor advertisements in the December issue of *Maclean's* magazine, 29 of which are full-page colour advertisements, and 25 are part-page. To me, that is not helping the children any.

Dr. Barker continued posing questions, all of which he answered in the affirmative:

> Because the Senate can select a small group of competent, concerned lay people to maturely review from a common-sense point of view the findings of highly specialized professionals from a wide range of disciplines? Yes.

I point out that the Senate is able to ask any lay person to appear as a witness. Committee meetings can be held *in camera*, and if the information these lay people give is private they can feel quite confident it will remain private.

> Because the stature of the Senate of Canada will be a powerful force to evoke from the best minds in each discipline an up-to-date summary of the known data in that field? Yes.
>
> Because the Senate committee already has the resources (the Queen's Printer) to publish its proceedings as a matter of course? Yes.

That is a matter of great consideration.

• (1440)

> Because the Senate is perhaps the only institution in Canada secure enough to call before it witnesses who may present evidence which we as a society are very reluctant to hear? Yes.

I would like to conclude by repeating what Father Flanagan, founder of the famous school for homeless boys in Omaha, Nebraska, once said:

> I can still say that I have never known a really bad boy; only bad parents, bad environments, and bad examples. It is wrong to call it juvenile delinquency. Why not call it what it really is—delinquency of a callous and indifferent society?

This is our opening, honourable senators, to help society. Do not allow it to be denied us.

Senator Rowe: I wonder if I may ask Senator Norrie a question? I understood her to say that in Nova Scotia it is estimated that there are over 100,000 illiterates. I wonder if that is an adult illiterate population.

Incidentally, I do not believe the figure, because it would represent more than 10 per cent of the population. That strikes me as being extremely high for a province which has had such a tradition of education of the ordinary people. I cannot understand that. Perhaps Senator Macdonald, or Senator Carter, who was previously a professional in the field of adult education, would know the answer.

Can Senator Norrie tell us if that figure includes children in the schools who are supposed to be illiterate—that is, the disabled children or those with learning disabilities—or is it the number of adult illiterates in the province of Nova Scotia?

Senator Norrie: That is a good question, and the answer was not stated in the newspaper. I called the principal of the normal college and asked him if he knew anything about this. He said it was an appalling figure, and he felt that the person

making these statements was very rash in what she had said. He said he would look into it and let me know. That was about one week ago. Therefore, I shall report further if I receive additional information. I do not know if it represents adults or children, or both.

On motion of Senator Macdonald, for Senator Asselin, debate adjourned.

THE ESTIMATES

REPORTS OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) AND (C) ADOPTED

The Senate proceeded to consideration of the reports of the Standing Senate Committee on National Finance with respect to the supplementary estimates (B) and (C) laid before Parliament for the fiscal year ending March 31, 1977.

Senator Everett: Honourable senators, you have before you copies of the reports of the Standing Senate Committee on National Finance on supplementary estimates (B) and (C).

The Hon. the Speaker: Are you moving adoption?

Senator Everett: With leave of the Senate and notwithstanding rule 45(1) (f), I move adoption now.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

The Hon. the Speaker: Adopted. Senator Everett, do you wish to speak?

Senator Everett: In light of the fact that the report has now been adopted, if that is the intention of the house, I do not think I need to be heard.

Senator Grosart: It has not been adopted; there is a motion to adopt. Explain.

Senator Haig: Explain.

Senator Everett: It is very difficult to explain a motion that has already been adopted.

Senator Grosart: It has not been adopted.

Senator Everett: The house in its wisdom has adopted the report. Why should I explain what it has done?

Senator Grosart: On what is perhaps a point of order, I am quite sure that the motion was really for the adoption of the report, and we expected that the mover of the motion would speak to it. It was an opinion, I believe, that it was adopted. We were waiting.

Senator Everett: I, of course, would wish to appeal to Her Honour the Speaker. I am getting older and my hearing is not as good as it used to be, but I distinctly heard the word "adopted", and at that stage all concern for supplementary estimates (B) and (C) ended for me and passed over to Senator Langlois, who is waiting now for the appropriation bill and to explain the whole business all over again.

I believe the report was adopted, honourable senators, and it is done.

Senator Grosart: I do not intend to argue the point, because very often these things go very quickly. However, there was a motion by Senator Everett for the adoption of the report. It was an opinion that it had been adopted.

Apart from that, it does not matter, but I would suggest that it is important that we have an explanation from the chairman of that committee with respect to this report. We have raised this question here many times previously, and it is important that the Senate be informed as to the decision of this committee on its review of these estimates.

In this case we have both supplementary estimates (B) and supplementary estimates (C) before us. We have complained that insufficient time and explanation is given to the Senate as a whole before we consider the appropriation bills. Our understanding now is that the appropriation bills will come before us very shortly—perhaps on Monday night.

Senator Langlois: On Monday night.

Senator Grosart: It is certainly my intention at this time to expedite that procedure. I suggest, therefore, that it would be in the interests of the Senate and useful to have this explanation on the record, particularly as today is Thursday, so that honourable senators may at least look at it over the weekend and ascertain why the committee has made the report it has. No one is better equipped to do that than the distinguished chairman of that committee.

I suggest, therefore, whatever our impasse may be on the rules, that with leave the Senate we now hear Senator Everett.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Leave is granted.

Senator Everett: In those circumstances, I can do little else.

Honourable senators, you have before you the report of the Standing Senate Committee on National Finance on supplementary estimates (B) and supplementary estimates (C) for the year ending March 31, 1977. There were some interesting facts adduced in the evidence that the committee heard. First of all, for the first time the supplementary estimates contain an "Explanation of Requirement" which has been added to each vote. For some time the committee has been calling for this and, of course, we are delighted that the Treasury Board has found it possible to give this explanation of each of the items to be voted.

Supplementary estimates (B) will add $594 million to the main estimates, and supplementary estimates (C) will add some $150 million. During recent years the committee has been concerned about the growth in the size of the supplementary estimates in relation to the increase in the main estimates, and we are pleased to see that the Treasury Board has made a conscious effort to hold the amount of the supplementary estimates to some line. You will find on page 2 of the report a table which indicates the increase in supplementary estimates

in relation to that in the main estimates, and I shall just read the figures.

In 1974 the supplementary estimates amounted to $2.125 billion; in 1975, to $4.936 billion; in 1976, to $2.672 billion; and this year, supplementary estimates (A), (B) and (C) amount to $749 million. Probably still to come are supplementary estimates (D). It is hoped, however, with some reasonable certainty, that they will not raise the total to anything like the magnitude of previous years.

● (1450)

Supplementary estimates (B) break down into different categories. The statutory programs add $197 million, and the remaining $397 million comprise items which are being voted and cover programs which were not previously listed in the main estimates. These include four major expenditures—the 1976-77 Local Initiative Program funds, contributions under the housing programs announced in December 1975, the swine flu immunization program, and the settlement of Indian land claims under the James Bay agreement.

The remaining items are voted, but they are essentially non-discretionary items, being for activities that arise from the determination of an increase in programs by formula. These include payments to the provinces towards language education, increased educational and social assistance under Indian and Eskimo affairs programs, special payments to Alberta under the 1974 agreement on the maintenance of domestic oil prices, and increased manpower training allowances.

We have been told by the President of the Treasury Board—and this, of course, is an announced policy—that it is the deliberate goal of this government to hold the percentage increase in federal government expenditures to the percentage increase in the nominal gross national product. This, again, is something that over many years the Standing Senate Committee on National Finance has been trying to establish as a rule for government to follow in the control of its expenditures. In the present year the increase will be held to 14 per cent, which is in relation to the nominal growth of the gross national product, and we were told by the President of the Treasury Board and the Minister of Finance that next year the increase in these expenditures will be held to some 11 per cent. Again, that is the projected nominal growth in the gross national product.

One of the features that concerned the committee was that some of this reduction in expenditures—and honourable senators may recall that I mentioned this in previous reports—has been achieved by simply delaying expenditures that will be made at a later date. Clearly, if there are restraints on expenditures, then delaying programs does nothing more than cause a bulge in expenditures when those restraints come off. We have been assured by the President of the Treasury Board that the restraint program is a continuing objective of government, and that, indeed, as a continuing policy, expenditures will be held within the nominal growth of the gross national product. If this is true, then it means that the delays will not have the effect I just mentioned.

In addition to that financial restraint, the government has been restraining growth in the size of the public service. This year it has restricted that growth to less than 1½ per cent, and next year its target is less than 1 per cent. This is a considerable reduction as compared to the kind of growth we have experienced in the past two years and, of course, is welcomed by the committee and by others as the sort of policy that this government ought to be undertaking.

One of the areas that tended to worry us is the rather phenomenal increase in the amounts being provided for professional and special services. When we made inquiries about that we were told that the major part of those items includes the cost of occupational training—which, as honourable senators will know from our examination of Canada Manpower, aggregated somewhere in excess of $400 million last year—educational cost in Indian affairs and northern development, and the use of commercial computer services. So the bulk of this increase in expenditure on professional and special services is really not in the sort of areas that we think of as coming under the heading of professional and special services.

As a result, in the main estimates for this coming year, the government will be providing a table which will show a breakdown of these professional and special services into their different categories. Through that table we will be able to see how much money is being put into true consulting services, and how much is being used to supplement the size of the public service through consulting agreements, and which, if defined properly, should be regarded as offsetting the reduction in the growth of the public service to less than 1½ per cent this year and less than 1 per cent next year. This, therefore, is something that the committee will be looking at very carefully during this coming year, and we will report further on how successful the government has been in controlling those kinds of services.

Supplementary estimates (C) relate solely to the provision of money to create jobs in areas of high unemployment through the use of federal labour-intensive projects. One hundred million dollars is being provided for a supplement to the Local Initiatives Programs, and $50 million is being given to the Treasury Board to hire workers directly through government department activities. The President of the Treasury Board mentioned certain criteria that would be used to control these kinds of expenditures, and they were satisfactory to the committee.

Most importantly, however, in this area of job creation, the committee was concerned about the fact that these projects must come to an end when they are no longer needed. This year we will spend $200 million in job creation projects in Canada. I doubt if very many people would argue that this should not be done, but what is important, and what we warned the Treasury Board about, is that the expenditure of this money should come to an end when the need comes to an end. They should take great care not to spend money on projects that by themselves will create an on-going financial need, or that will be a burden to either the federal government or the provincial and municipal governments. If you look at

some of the LIP grants in the past you will see that this has been one of the very real problems in the field of Local Initiatives Programs, and the committee will be very concerned in the future to ensure that where job creation programs are mounted, they are mounted in such a way that they do the job they were meant to do, and that they do not create a whole new flock of expenditure requirements and commitments that have to be met by later appropriations.

• (1500)

Senator Grosart: Honourable senators, I feel sure that you might now be inclined to agree with me that it is important to have this kind of explanation from the chairman of the committee. He has gone considerably beyond the formal words of the written report and, in my view, has made an important contribution to the understanding of the Senate of the kind of work that is going on in this committee under his chairmanship.

I know that Senator Everett has another appointment, and I would say to him that he will not offend me in any way if he finds it necessary to leave before hearing the compliment I should like to make to him.

Senator Everett: After what Senator Grosart has just said about me, I just could not leave, no matter how important the other appointment is.

Senator Grosart: I was about to say that, in my view, Senator Everett has been extremely modest about the accomplishments, under his chairmanship, of the Standing Senate Committee on National Finance. He mentioned the very important change that has just been made in the presentation of the estimates. It applies for the first time to supplementary estimates (B), which are before us. I refer, of course, to the "Explanation of Requirements," which is now a heading in the estimates.

As he said, our witnesses, including the President of the Treasury Board and Mr. MacDonald, Deputy Secretary, Program Branch, paid the Senate the compliment of saying that this important innovation was the result of the work of the Senate committee.

Perhaps this is an occasion when I might recall that this is not the first major change that has been made in the presentation of the estimates over the past few years which has been attributed by the Treasury Board to the work of the Senate committee. The first was the examination of the $1 items. The Commons now requires this. For a long time they did not. We asked for it, and I would say the Treasury Board was anxious to provide this information, which they have done.

The matter referred to by Senator Everett, namely, the public announcement by the present minister and the former minister, Mr. Chrétien, that it is now definitely government policy to constrain the increase in government public spending to the increase in the GNP (both on nominal values) was again a recommendation of this committee over the years. It is an achievement of this committee that the government has given this undertaking.

There are other similar achievements of the committee. I shall not go into them all. Senator Everett referred to the question of items dealing with professional and special services. When we looked over the estimates, we found that supplementary estimates (B) alone had a total of $35 million of these items. It naturally occurred to us to ask whether this was just a way of saying, "Instead of hiring extra manpower on the government payroll, we will hire consultants, and they will not show on the payroll."

The minister and the deputy minister made it quite clear that that is not the case. They have now undertaken—again at the request of the committee—to break this down. So this will not be one of the kinds of items that are often used, in my opinion, as generic titles to hide rather than disclose information.

It is also interesting to note that in the evidence we heard the comment was made that Treasury Board had, some years ago, persuaded the Public Accounts Committee in the other place to agree to a major decrease in the number of votes. The opinion was expressed in our committee that this was a retrograde step. In other words, we said that the more votes there are, the more disclosure there is. We had evidence that today we have about the same number of votes in the estimates as we had at that time—again an improvement for which the Senate committee under Senator Everett is entitled to take some small credit.

Another matter arose which, in my opinion, is of some interest. It applies to supplementary estimates (C), and is an estimate to provide for the special job creation program. As Senator Everett has said, we would all agree with that in principle. The question then arose as to whether this was really absolutely new spending. We discussed the matter and received some excellent response from the Treasury Board. It was stated that perhaps the government should start to look at the offsets in revenue in some of these expenditures. In this particular case, obviously, if 100,000 new jobs were created, there would automatically be an increase in revenue—a saving of unemployment insurance, and also an increase in taxable incomes.

I gained the impression from the minister that this was not exactly a new thought on his part. He said it had been a component of some decisions which had been made on some particular programs. I considered it, however, to be a new thought that might be applied over the whole range of the estimates. Far be it for me to say anything that might be in the interests of explaining government expenditures, but nevertheless, if we are going to be fair, it seems that this is an offsetting item that might well be included in the presentation of the estimates in the future.

In other words, the government is asking to spend money, and it would be in its own interests, and in the interests of the

public, to suggest offsets which might reduce the actual total of the demand in the long run on the consolidated revenue fund of any such programs.

Senator Everett mentioned the restraints that were reported to us on the proliferation of hiring in the public service. It was, in my view, a matter of some assurance at least to the members of the committee that a target of one per cent was set for next year.

At another meeting of the committee we were given evidence that a one per cent increase in the public service, apart from all the other expenses involved, would require an additional 225,000 square feet of space. The deputy secretary, in that particular case, suggested that the additional space required per new federal government employee is somewhere between 100 and 150 square feet, which indicates that when we are considering this problem of the proliferation of man-hour requirements in the public service, it is not just the salaries that are involved. I do not know what the total figure might be. In business we normally say that it costs about double; that to find the cost of a new employee one doubles his salary to get a fair indication of what he will cost. We are beginning to receive some evidence that that situation is being appreciated in the public service, and that some work is being done to bring it home to governments who have to make these decisions that there are costs beyond the salaries or other remuneration.

In dealing with this matter now, I hope the Leader of the Government, and the deputy leader, will recognize that there are times when I can be cooperative. I am speaking at this time so that they will be able to get their appropriation bills through to meet their time schedule.

● (1510)

Senator Deschatelets: Would Senator Everett permit a question? My question has to do with supplementary estimates (C). He has reported that the committee examined the President of the Treasury Board and the Deputy Secretary of the Program Branch with respect to the justification of the job-creation incentive program, and said that the committee was also interested in determining when that program would end—in other words, when it would no longer be justified because unemployment would have decreased.

My question really is this: When the committee examines the justification of such a program, do its terms of reference give it a mandate to go as far as examining the actual causes of unemployment? Can the committee look into the whole unemployment situation?

Senator Everett: I am happy to answer your question, senator. What you are asking is whether we can examine the economic reasons behind the program. Our mandate is specifically directed to that kind of examination, and, indeed, the committee did make such a definitive examination and issued a report, *Growth, Employment and Price Stability,* on the subject of the Canadian economy—the very subject you are talking about. Moreover, that examination did include a discourse on job creation programs.

I will read to you the powers of the committee:

> The Senate Committee on National Finance . . . to which shall be referred . . . bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including:
>
> (i) national accounts and the report of the Auditor General;
>
> (ii) government finance.

I and others before me, including the Honourable Senator Leonard, who was a distinguished chairman of this committee for many years, have interpreted that to mean the broadest mandate to look at the operation of the Canadian economy. Indeed, as I say, we have done that in the past, and we will continue to take a keen interest in the operation of the Canadian economy. It is our intention in this session, when we finish our hearings on the Department of Public Works and before we issue the report that will emanate from those hearings, to have nine hearings into the state of the Canadian economy, which will include evidence from senior people in government, people in the academic world and people in the world of business and labour.

Senator Deschatelets: When you have finished your examination of the Department of Public Works and are looking into this situation, I hope you will attach some importance to the testimony of Mr. Scrivener, which he gave before the Standing Senate Committee on Foreign Affairs, dealing with Canada-United States relations. His testimony had to do precisely with the fact that Canadian producers just cannot compete with producers in the United States, the wealthiest country in the world, and that this is now perhaps the first cause of our unemployment problem. There are at present about 1,000 items in respect of which Canadian producers cannot compete with American mills or American manufacturers. He suggests the situation is so serious today that it is possible, in respect of a great number of items produced in the United States, to import them, pay the transportation costs and the duty, and still put them on the market at a price lower than the price of similar items produced in this country.

I am sure that is one aspect which your committee will examine when it tackles this problem.

Senator Everett: I thank the honourable senator for his worthwhile suggestion. I have not read Mr. Scrivener's evidence before the Foreign Affairs Committee but I am aware of his deep concern about the state of the Canadian economy. I am sometimes inclined, however, to wonder whether he has not talked himself into his own special area of doom and gloom, although I do think the issues he raises are worth examining. I might just say that the recent drop in the exchange rate of the Canadian dollar has done a great deal to change the kind of equation Mr. Scrivener is talking about.

However, while I feel Mr. Scrivener has much to contribute and that we do have to be concerned about our costs in Canada, nevertheless, I have the distinct feeling that his reasoning on this matter is not totally balanced and that he is looking at one side of the equation and one side alone; he is not looking at the offsetting aspects. I will certainly read his testimony. I know of his concern, and it is a concern which all Canadians should have—that their economy be competitive.

Motions agreed to and reports adopted.

The Senate adjourned until Monday, December 13, at 8 p.m.

APPENDIX "A"

(See p. 204)

INCOME TAX

Report of Standing Senate Committee on Banking, Trade and Commerce Relating To The Subject Matter of Bill C-22

THURSDAY, December 9, 1976

On November 5, 1976, Bill C-22, intituled "An Act to amend the statute law relating to income tax" received first reading in the House of Commons. This Bill is intended to implement the Ways and Means motion which was originally tabled by the Minister of Finance with his Budget Resolutions of May 25, 1976. Bill C-22 was originally introduced as Bill C-97 which received first reading in the House of Commons on June 10, 1976.

By resolution of the Senate on November 16, 1976, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and report upon the subject-matter of Bill C-22 in advance of the said Bill coming before the Senate.

In accordance with the Order of Reference, your Committee has given careful consideration to the said Bill C-22 and in connection therewith has consulted Mr. Albert Poissant of Thorne Riddell & Co., Chartered Accountants, and its legal counsel, Mr. Thomas S. Gillespie of Ogilvy, Cope, Porteous, Montgomery, Renault, Clarke & Kirkpatrick, as advisers to the Committee. The Committee has also heard Dr. M. A. Cohen, Assistant Deputy Minister, Tax Policy and Federal and Provincial Relations, Department of Finance, and other members of his Department.

Bill C-22 contains a series of amendments to the Income Tax Act and the Income Tax Application Rules.

Your Committee proposes to discuss the following matters dealt with in the Bill.

DEFERRED COMPENSATION PLANS

Your Committee welcomes the proposed amendments to the Act (Clauses 1, 5 and 56 (4)) to increase the maximum amounts deductible for contributions to deferred compensation plans. The proposed maximum for 1976 and subsequent years is as follows:

	Maximum deduction presently available	Proposed maximum
Employee's contribution to registered pension plan	$2,500	$3,500
Employee's combined contribution to registered pension plan and registered retirement savings plan	$2,500	$3,500
Employer's contribution to deferred profit sharing plan	$2,500	$3,500
Self-employed person's contribution to registered retirement savings plan	$4,000	$5,500

The Act contains no limitation on the amounts a taxpayer may contribute each year to registered retirement savings plans and deferred profit sharing plans; the Act only contains limitations on the amounts taxpayers may deduct in computing their income subject to tax. Certain taxpayers have found it to their advantage to contribute amounts in excess of the maximum amounts available for deduction purposes to these plans because the earnings of such contributions would not be subject to tax while held by the plans.

The Bill proposes (Clause 69) a tax of one percent (1%) per month on contributions by taxpayers in excess of $5,500 per year to each of their registered retirement savings plans and deferred profit sharing plans to discourage this practice.

With respect to registered pension plans and registered retirement savings plans (RRSP's), your Committee is concerned with the inflexibility inherent upon maturity of such plans.

Registered retirement savings plans provide for investment of a taxpayer's contributions until maturity, which maturity must take place before his 71st birthday. All amounts received out of an RRSP must be included in computing taxable income in the year of receipt. This applies whether amounts are received by a taxpayer's estate in the event of his death prior to the maturity of a plan, or whether they are received either as a lump sum upon the cancellation and de-registration of a plan or as annuity payments after the maturity of a plan.

Only the two options are available at maturity of a plan: to take all funds out of the plan or to purchase a life annuity from an insurance company.

The first alternative will subject taxpayers to immediate tax on the proceeds received. By purchasing an annuity, a taxpayer may defer the payment of tax and, in all probability, pay tax at a lower marginal rate. By doing so, however, he loses control over the assets which accumulated in his plan. Annuities issued by insurance companies may provide a lower rate of return than might be available otherwise, together with eventual loss of capital.

While the Committee recognizes the problems caused by this inflexibility, it is also aware of the advantages.

Provisions dealing with RRSP's were introduced to provide relief for self-employed individuals or individuals with an inadequate pension plan. It was intended that the rules for RRSP's would be comparable to those established for pension plans and since members of registered pension plans were only entitled to receive annuities for life, with certain limited exceptions, it was provided that the proceeds of RRSP's would have to be used to purchase life annuities. Their purpose is neither to create an estate nor to be a general savings plan. The RRSP is intended to help taxpayers save in order to provide retirement income. An annuity has been perceived as being the best method available of providing a person with a safe and steady source of income until death.

It has been said that life insurance companies are making high profits with respect to RRSP annuities. Your Committee recognizes however that the life insurance business is a highly competitive one and is aware of the Superintendent of Insurance's opinion that holders of RRSP's were receiving reasonable treatment when converting to life annuities.

The Minister of Finance is undertaking further study of the inflexibility that appears at maturity of a plan. An investigation will be made to determine whether the inflexible provisions should be changed in the interests of the taxpayer. Your Committee encourages such study. In any event, some of the administrative exceptions available to annuitants of registered pension plans should be made available to the beneficiaries of RRSP's. For example, an exception is available to members of pension plans if they can establish by statement from a qualified medical practitioner that they have only a short life expectancy. Their annuity payments would be adjusted according to their shorter life expectancy.

CHILD CARE EXPENSE DEDUCTION

The Act presently allows certain taxpayers to deduct amounts paid for child care services including baby-sitting services, day nursing services or lodging at a boarding school or camp. Your Committee concurs with the proposal (Clause 21) to double the deductions now available in respect of such expenses. The maximum deduction now allowed is $15 per week per child to a yearly maximum of $500 and a total annual maximum of $2,000 per family. These limits will be raised to a maximum of $30 per week per child, a maximum of $1,000 per year per child and a maximum annual limit of $4,000 per family.

CHARITIES

The Bill proposes (Clause 60) substantial changes respecting the income tax treatment of charities. The purpose of the changes is to ensure that charities are not inhibited from carrying on their work in the most effective manner possible and at the same time prevent abuses that could arise. The following is a summary of the principal changes as proposed:

(1) charities will now be classified as follows:

a) charitable organizations, and

b) charitable foundations, public and private.

Each will receive different fiscal treatment;

(2) charitable organizations will have to be registered to be exempt from tax. Heretofore they only had to be registered to issue receipts;

(3) charitable organizations will have to make disclosure by the filing of annual information returns;

(4) the cost of raising funds will be limited;

(5) further limitations will be placed on the expending of their funds and the carrying on of business; and

(6) charities not meeting the requirements of the Act will be subject to revocation and tax on the fair market value of their net assets less those assets distributed within one year of revocation to other charities. Any recipient of net assets of a revoked charity other than another charity will be jointly and severally liable for the same tax up to the amount received.

Private foundations will have to distribute the greater of 90% of the income from certain assets, such as investments in private companies, or 5% of the fair market value of such assets at the end of the preceding year. If insufficient income is realized from such investments, capital will have to be disbursed. Your Committee is concerned that the distribution of 5% of the fair market value of capital in such circumstances may not be equitable, particularly in circumstances where the assets have appreciated in value and the private foundation has not been abusing its tax-exempt status. It is therefore suggested that the Bill be amended to oblige private foundations to distribute only the lesser of fair market value of such assets and their cost base.

SMALL BUSINESS DEDUCTION

The Act permits Canadian-controlled private corporations to deduct from federal income tax otherwise payable up to 21% of active business income. Your Committee approves the Bill's proposals (Clause 49) to increase the incentives given to such corporations by raising the maximum amount on which the deduction may be calculated each year from $100,000 to $150,000 and to raise the cumulative limit from $500,000 to $750,000.

CANADIAN EXPLORATION EXPENSES

Your Committee agrees with the proposal (Clause 24(1)) to allow taxpayers the full amount of Canadian exploration expenses incurred after May 25, 1976 and before July 1, 1979 in computing their income. The Income Tax Act now limits the deduction of such expenses for taxpayers who are not principal-business corporations to 30% per annum.

INDIVIDUAL SURTAX

There will be imposed on individuals and trusts, other than mutual fund trusts, for 1976 only, a tax equal to 10% of the tax otherwise payable in excess of $8,000 (Clause 65).

PRINCIPAL RESIDENCE

The Act now limits the exemption from tax on capital gains on principal residences to those dwellings ordinarily inhabited by the taxpayer only. Your Committee welcomes the amendment to the definition of a "principal residence" (Clause 14(1)) which will be expanded to include dwellings ordinarily inhabited by a taxpayer's spouse or former spouse. This will enable taxpayers living apart from their spouses to continue to claim dwellings owned by them and lived in by their spouses as their principal residences.

TRANSFERS TO SPOUSES AND SPOUSAL TRUSTS

The disposition of property upon death to a spouse or a spousal trust will give rise to no immediate income tax consequences; such consequences are postponed until the spouse's death. It may be advantageous to have tax consequences apply when a deceased leaves his assets to his spouse or a spousal trust. For example, if the deceased had incurred capital losses during his lifetime which were not offset by capital gains prior to his death, the benefit of such losses would be lost at death by the application of the rollover provisions. The Bill proposes (Clause 27(2)) to allow a deceased's representatives the option to elect not to have the rollover provisions of the Act apply to property of the deceased selected by his representatives. In other words, they could elect to incur a capital gain which would be offset by the deceased's prior capital losses, which gain would not be taxable upon the spouse's death. This amendment will provide greater flexibility when planning an estate.

DISABILITY DEDUCTION

Disabled persons are entitled to deduct amounts by which $1,000 exceeds their taxable income for a year. The Bill proposes (Clause 43(2)) that parents claiming a disabled child as a dependant will be entitled to the unused portion of this deduction.

OTHER AMENDMENTS

Other provisions of Bill C-22 which do not, generally speaking, provide relief to taxpayers are consequential or designed to correct anomalies in the Act.

In addition to recommendations noted above, your Committee suggests that the following amendments be made to the Bill or the Income Tax Act:—

(1) Several provisions exist in the Bill, mainly in favour of the taxpayer, which have retroactive effect. Your Committee was advised by the Department's officials that it is the practice of the Department of National Revenue to allow taxpayers to file amended returns when affected by retroactive legislation. Your Committee feels that consideration should be given to incorporating such right in the Act in order to ensure a taxpayer's right to file an amended return.

(2) Taxpayers not entitled to claim a deduction for their spouses are entitled to claim a deduction for certain dependants equivalent to the deduction available for the spouses, whether they live with their spouses or not. Taxpayers living together are thereby able to claim their children as dependants and have a larger deduction available to them. Clause 42(1) of the Bill proposes that this deduction no longer be available to taxpayers who live with their spouses. This will prevent taxpayers living with their spouses from claiming the higher deduction equivalent to the marriage deduction for dependants where it was the intent of the Act that they only be entitled to a lesser deduction. The Department has advised your Committee that if the amendment does not apply to the 1975 taxation year, taxpayers who had not yet filed their 1975 tax returns or were entitled to file amended returns for that year might take advantage of this deficiency in the Act. Notwithstanding this fear, your Committee feels that the retroactive effect of this amendment would constitute a dangerous precedent. It is felt that this amendment should only apply to 1976 and subsequent taxation years. If deemed necessary, another amendment should be introduced to the effect that a taxpayer who had filed his return and had not claimed this deduction prior to May 25, 1976, is refused the right to so claim. Taxpayers would also be unable to make their claim by filing amended returns after that date.

(3) Clause 43(1) of the Bill proposes amendments to subparagraph 110(1)(c)(iv) of the Act. This subparagraph provides for the deduction as a medical expense, within the limits set forth in the Act, of remuneration paid for "one full-time attendant" or for full-time care in a nursing home for persons confined for a substantial period of time each day, by reason of illness, injury or affliction to a bed or wheelchair. It is not clear to your Committee whether the expression "one full-time attendant" means one attendant working a normal working shift or means the equivalent of one full-time attendant working 24 hours a day. It is suggested that this subparagraph be clarified to provide for a deduction of up to the equivalent of one full-time attendant working 24 hours a day. A deduction should also be allowed for 24-hour attendant care for persons, confined by reason of physical or mental infirmity for a long-continued period of indefinite duration (subparagraph 110(1)(c) (iv.1)), for persons who lack normal mental development (subparagraph 110(1)(c)(v)) and the totally blind (subparagraph 110(1)(c)(viii)).

(4) Subparagraph 212 (14) (c) (i) of the Act provides that the Minister may exempt non-resident charities from withholding tax provided that if such charities were resident in Canada, they would have been exempt from Canadian income tax. In other words, they would have to have the same attributes as tax-exempt Canadian charities to be exempt from withholding tax. Clause 43(4) of the Bill proposes to change the definition of a registered charity to mean a charitable organization or charitable foundation that is resident in Canada and either created or established in Canada. No reference is made in subparagraph 212 (14) (c) (i) of the creation or establishment in Canada of such entities and it should be amended accordingly. Otherwise, this could deprive foreign charities from a right which they have always enjoyed under our law. This could also harm Canadian charities that enjoy reciprocal rights under foreign law.

(5) There has been a substantial amount of conflicting jurisprudence as to whether a taxpayer has the right to appeal an assessment which shows "nil" tax payable. It has been held that an assessment was an assessment of tax, not of income and therefore no appeal lay from a "nil" assessment. As a result, taxpayers have been deprived of a fundamental right under our legislation to appeal such assessments. A taxpayer may wish to appeal such an assessment when he disagrees with the Department's determination of the amount of loss incurred. The Department's officials have expressed the view to your Committee that the purpose of Clause 61 (1) is to cure this anomaly by giving the right to a taxpayer to appeal a "nil" assessment. Your Committee notes, however, that this Clause, as presently drafted, does not oblige the Minister to determine the amount of a taxpayer's loss. It is felt that in the absence of such obligation, the taxpayer may be left with the same problem if the Minister refuses to determine a taxpayer's losses and issues a "nil" assessment. Your Committee feels that the Act should be amended to provide that an assessment showing no tax payable shall be deemed to be an assessment. Alternatively, your Committee suggests that in recognition of the administrative difficulties which the Department of National Revenue might face if it had to determine all taxpayers' losses, the amendment proposed in Clause 61(1) could be modified to oblige the Minister to assess if a loss is applied against prior or subsequent years' profits by a taxpayer or upon a taxpayer's request.

(6) Clause 75 provides that resident individuals must insert their Social Insurance Numbers on ownership certificates which must be completed when receiving interest or dividend payments in respect of bearer coupons or warrants. Should such an individual not provide his Social Insurance Number, the bank or paying agent would be obliged to withhold 25% of the interest or dividend payment. Your Committee feels this would constitute an improper use of taxpayers' Social Insurance Numbers and taxpayers should only be obliged to provide their proper names and addresses.

Your Committee wishes to express its appreciation for the services rendered in the review of the Bill by Messrs. Poissant and Gillespie.

Your Committee has examined and considered Bill C-22 in accordance with its terms of reference and, except as noted above, has no comment to make to the Bill.

Respectfully submitted,

SALTER A. HAYDEN,
Chairman.

APPENDIX "B"

(See p. 204)

THE ESTIMATES

Report of Standing Senate Committee on National Finance On Supplementary Estimates (B)

Thursday, December 9, 1976

The Standing Senate Committee on National Finance to which the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1977, were referred, has in obedience to the order of reference of Tuesday, November 16, 1976 examined the said Supplementary Estimates (B) and reports as follows:

1. In obedience to the foregoing the Committee made a general examination of the Supplementary Estimates (B) and heard evidence from the Honourable R. Andras, President of the Treasury Board and Mr. B. A. MacDonald, Deputy-Secretary, Program Branch.

2. The Committee noted a change in the presentation format of these Estimates. For the first time a section entitled "Explanation of Requirement" has been added under each program to provide more detailed information about the reasons supplementary funds are required, as well as the source of any offsetting funds. The witnesses confirmed that this additional explanatory material has been included in response to repeated recommendations of this Committee. The Committee is gratified that this additional information will henceforth be included in Supplementary Estimates.

(millions of dollars)

Fiscal Year Ending	Main Estimates	Number of Supplementary Estimates	Total Supplementary Estimates	% Increase of Supplementary Estimates Over Main Estimates
	$		$	
March 31/70	12,467	2	349	2.8
March 31/71	13,752	3	930	6.8
March 31/72	15,341	2	1,306	8.5
March 31/73	16,539	2	1,726	10.4
March 31/74	19,287	2	2,125	11.0
March 31/75	23,297	4	4,936	21.0
March 31/76	29,585	2	2,672	9.0
March 31/77	39,545*	3**	749**	

*Includes Old Age Security and Guaranteed Income Supplement which total approximately $4,500 million.

**Total of Supplementary Estimates (A)—$ 5 million
Total of Supplementary Estimates (B)—$594 million
Total of Supplementary Estimates (C)—$150 million
Supplementary Estimates for the end of the fiscal year 1976/77 still to come.

3. Supplementary Estimates (B) will add $594 million to the total appropriations for 1976/77. Supplementary Estimates (C), being reported on separately, will add a further $150 million. As the following table shows however the total for supplementaries this fiscal year is significantly lower than the amounts of corresponding supplementaries in recent years. The Committee has in previous reports expressed deep concern about the increasing size of Supplementary Estimates. The Committee therefore was pleased that the apparent trend toward escalation of Supplementary Estimates has been reversed.

4. Supplementary Estimates (B) which total $594 million may be broken down into three categories of expenditures.

a) *Statutory Programs total $197 million*

The major expenditures are payments under the Canada Assistance Plan, Fiscal Transfers to the Provinces and Increased Payments to the Railways for uneconomic branch lines and passenger services.

b) *Items to be Voted total $397 million* but they are of two types

Items to be Voted for programs not provided for in the Main Estimates. These include four major expenditures, the 1976/77 Local Initiatives Program funds, contributions under housing programs announced in December 1975, the swine flu immunization program and settlement of Indian land claims under the James Bay Agreement.

Items to be Voted for essentially non-discretionary programs. These arise from increased levels of activity and benefits in programs where federal payments are determined by formula. They include payments to the provinces toward language education, increased education and social assistance under Indian and Eskimo Affairs program, special payment to Alberta under the 1974 agreement on maintenance of the Domestic Oil price and increased Manpower Training allowances.

5. The Committee was told that a deliberate policy goal has been adopted which will hold the percentage increase in federal government expenditures to the percentage increase in the nominal Gross National Product. The current increase of 14 per cent over 1975/76 actual expenditures is within this target ceiling. The Committee has previously expressed concern that expenditures should be related in this way to the growth of the Gross National Product and is pleased that current planned expenditures will do so. However in many instances savings have been achieved by delaying elements of planned programs which will undoubtedly come forward in future estimates. The Committee continues to be concerned that such delays will only increase cost in the long term, and that these are there-

fore not true savings. The Committee therefore recommends once more that future increase in total government expenditures be held to a percentage which reflects the percentage growth of the real Gross National Product plus inflation.

6. Connected to the growth in expenditures is the growth in the total size of the public service. The Committee was told that in the current fiscal year the total increase is less than 1.5 per cent and that the target for 1977/78 is one per cent or less. In fact some twenty-seven departments of government will have fewer authorized numbers than in the previous two years. The authorized increase in growth will be used to meet demands which cannot be ignored such as those for staffing the penitentiaries and the RCMP. The size and continued growth of the public service has alarmed the Committee for some time. It therefore welcomed the Minister's assurance that only these minimum increases would be allowed.

7. The provision of substantially increased amounts for Professional and Special Services was questioned by the Committee. In these Supplementary Estimates some twenty-one items in fourteen departments were included for this standard object of expenditure. Witnesses were asked to explain what in fact is provided for under this description. Major items included are costs of occupational training purchased from the provinces, education costs in Indian Affairs and Northern Development and use of commercial computer services. The Committee accepted assurances from the witnesses that future Estimates would include a table showing the nature of these payments. The Committee is strongly of the opinion that such a table is essential if the true nature of this expenditure is to be understood. The Committee recommends that those services of a true consulting nature be clearly indicated so that this standard object cannot be used to supplement the size of the public service. Further the Committee recommends that the Treasury Board vigorously scrutinize departmental estimates for Professional and Special Services to ensure that they are not being so used.

8. The witnesses provided an explanation of the $1 items in the Supplementary Estimates (B) which is attached as an Appendix to the Report.

Respectfully submitted.

D. D. EVERETT
Chairman

EXPLANATION OF ONE DOLLAR VOTES IN SUPPLEMENTARY ESTIMATES (B) 1976-77

SUMMARY

The 19 one dollar votes included in these Estimates have been grouped in the attached schedules according to purpose.

A. One Dollar votes which authorize transfers from one vote to another—4 votes.

B. One Dollar votes which authorize the payment of grants—6 votes.

C. One Dollar votes which authorize the deletion of debts due the Crown and reimbursements—3 votes.

D. One Dollar votes which authorize non-cash financial transactions—4 votes.

E. One Dollar votes which amend the legislative provisions of previous appropriation acts—2 votes.

November 10, 1976
Estimates Division

SCHEDULE A

ONE DOLLAR VOTES WHICH AUTHORIZE TRANSFERS FROM ONE VOTE TO ANOTHER—4 VOTES.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 35b—To authorize a transfer to this Vote of $89,999.

Explanation—To increase from $133,000 to $223,000 the amount of contributions available to assist Native Groups who wish to intervene and make representation at the Berger Commission of Inquiry on the Northern Pipeline.

Source of Funds—Vote 25—($89,999)—Funds are available due to savings in operating expenditures.

PUBLIC WORKS

Vote 20b—To authorize a transfer to this Vote of $924,999.

Explanation—Funds are requested to:

(1) provide $515,000 for the cost of emergency repairs to various marine structures in Nova Scotia and New Brunswick, occasioned by a severe storm on February 2, 1976; and

(2) provide $310,000 for the repair of storm damage to the wharf at the Come-by-Chance Refinery and $100,000 to cover the cost of preventative maintenance, security and decommissioning. Since the storm damage was incurred prior to bankruptcy, a claim will be made against the Receiver.

Source of Funds—Vote 25—(924,999)—Funds are available due to a delay in the dredging of the South East cut-off channel on the St. Clair River. The delay is due to the failure to secure an agreement on a disposal site.

SECRETARY OF STATE

Vote 15b—To authorize a transfer to this Vote of $59,999.

Explanation—Funds are requested to meet the set up and operating costs in connection with the implementation of the Cultural Property Export and Import Act. These operating costs were not provided for in the original Estimates since they could not be determined until the administrative machinery, the Review Board, was agreed upon.

Source of Funds—Vote 20—($59,999)—Funds are available as a result of the delay in proclaiming the Cultural Property Export and Import Act and the consequent reduced grant requirement.

URBAN AFFAIRS—CANADIAN HABITAT SECRETARIAT

Vote 10b—To authorize a transfer to this Vote of $3,276,999.

Explanation—Funds are required to:

(1) provide $525,000 as a contribution to the Association in Canada Serving Organizations for Human Settlements to cover the additional costs of site preparation for the Habitat Forum at Jericho Beach; and,

(2) provide $2,752,000 to cover the additional operating costs incurred during preparation for Habitat and during the conference.

Source of Funds—Vote 5—($3,276,999)—Funds are available since contributions for improved urban environment will not be required due to deferral of project.

SCHEDULE B

ONE DOLLAR VOTES WHICH AUTHORIZE THE PAYMENT OF GRANTS—6 VOTES.

CONSUMER AND CORPORATE AFFAIRS

Vote 25b—To authorize a grant of $35,000.

Explanation—To increase the 1976 grant to the World Intellectual Property Organization from $110,000 to $145,000 as a result of the fluctuating exchange rate of the Swiss franc.

Source of Funds—Vote 25—($34,999)—Funds are available due to the deferral of a consultants study on the automation of operations within the Program.

EXTERNAL AFFAIRS

Vote 10b—To authorize grants totalling $24,000.

Explanation—Additional funds are required to:

(1) increase the grant to the United Nations Association in Canada from $35,000 to $55,000 to expand public information activities supporting Canada's higher profile as a member of the U.N. Security Council; and

(2) increase the grant from $2,000 to $6,000 to countries attaining independence and to mark special occasions. This increase is to cover the purchase of gifts for presentation to the Governments of the Seychelles and Papua, New Guinea on the occasion of their attaining independence, as well as to the King of Sweden on the occasion of his marriage.

Source of Funds—Vote 10—($23,999)—Funds will be available since voluntary contributions will be less than estimated due to changing requirements and fluctuating exchange rates.

JUSTICE

Vote 10b—To authorize grants totalling $65,000.

Explanation—To extend the class of recipients of the present grant program "Grants for the Education of Native People in the Legal System" by changing the title of the program to "Grants for the promotion of better understanding between Native People and representatives of the legal system". This is to permit the education of representatives of the legal system in the problems distinct to Native People.

It is also proposed to pay a grant of $20,000 to the third conference of The National Association of Women and the Law. This conference will involve 200 national delegates who will discuss such issues as human rights legislation and law reform. The two previous conferences held in 1974 and 1975 were partially funded by the Department.

Source of Funds—Vote 10—($64,999)—Funds are available ($45,000) from the original authority "Grants for the Education of Native People in the Legal System" and from reduced contribution requirements due to fewer pilot projects relating to Family Courts being funded.

LABOUR

Vote 1b—To authorize grants totalling $297,000.

Explanation—An additional $297,000 is requested to provide for increased grants under the Adjustment Assistance Benefits program. This program covers eligible individuals in the textiles, clothing and leather footwear industries who have become unemployed through government decisions on tariffs which have resulted in significant import competition. This increase is caused by an increased number of claimants and the inclusion of costs of living increments in benefits.

Source of Funds—Vote 1—($296,999)—Funds are available due to the implementation of a freeze on hiring during the recent reorganization of the Department.

NATIONAL REVENUE—TAXATION

Vote 5b—To authorize a grant of $4,000.

Explanation—To increase from $15,000 to $19,000 the grant to the Inter-American Centre of Tax Administrators to provide for Canada's share of the increased budget for the Centre.

Source of Funds—Vote 5—($3,999)—Funds are available due to reduced expenditures for professional and special services.

SECRETARY OF STATE

Vote 20b—To authorize a grant of $70,000.

Explanation—To increase from $800,000 to $870,000 the amount of the sustaining grant to the Fathers of Confederation Buildings Trust Fund to enable the Centre to maintain its 1976-77 program.

Source of Funds—Vote 20—($69,999)—Funds are available due to a reduced requirement for capital grants for performing arts facilities in Canada.

SCHEDULE C

ONE DOLLAR VOTES WHICH AUTHORIZE THE DELETION OF DEBTS DUE THE CROWN AND REIMBURSEMENTS—3 VOTES.

NATIONAL HEALTH AND WELFARE

Vote 45b—To authorize the deletion of debts totalling $95,027.

Explanation—The Standing Interdepartmental Committee on Uncollectable Debts has recommended the deletion of these debts, each of which is larger than $5,000 and are the result of overpayments under the Old Age Security Act. Ten debts totalling $73,221 involve deceased debtors leaving no estate and four debts totalling $21,806 involve debtors who are not resident in Canada and who have no indications of ties which might encourage their return to Canada.

REGIONAL ECONOMIC EXPANSION

Vote 1b—To reimburse the Prairie Farm Rehabilitation Stores Working Capital Advance Account in the amount of $2,076 and to authorize the deletion of debts totalling $3,800,820.

Explanation—To reimburse the Prairie Farm Rehabilitation Stores Working Capital Advance Account for the value of stores which have become obsolete, unserviceable, lost or destroyed.

Deletion of 52 uncollectable debts, each in excess of $5,000 and representing losses incurred in the past ten years through provision of incentives to industry under the Regional Development Incentives Act and the Area Development Incentives Act. Deletion of these debts has been recommended by the Standing Interdepartmental Committee on Uncollectable Debts.

Source of Funds—Vote 1—($2,076)—Funds are available to offset the reimbursement of the account due to reduced operating expenditures.

SECRETARY OF STATE—NATIONAL FILM BOARD

Vote 70b—To authorize the reimbursement of the Canadian Government Photo Centre Revolving Fund.

Explanation—To reimburse the Canadian Government Photo Centre Revolving Fund in the amount of $135,705 to cover its operating loss for 1975-76.

Source of Funds—Vote 70—($135,705)—Funds are available due to the deferral of a professional and special services contracts.

SCHEDULE D

ONE DOLLAR VOTES WHICH AUTHORIZE NON-CASH FINANCIAL TRANSACTIONS—4 VOTES.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 11b—To indemnify any person as a director of a company.

Explanation—Authority is requested to indemnify any person whom the Minister recommends to be a director of a company for costs arising from suits or from the conduct of the office of director. This would enable the Minister to nominate directors to boards of Indian companies or companies related to Indian interests.

INDUSTRY, TRADE AND COMMERCE

Vote 6b—To authorize a loan guarantee.

Explanation—To guarantee bank loans of up to $50 million to Canadair Limited to finance the development, manufacture and sale of the Lear Star 600 aircraft.

NATIONAL HEALTH AND WELFARE

Vote 26b—To authorize the indemnification of suppliers of Swine Flu Vaccine.

Explanation—Suppliers of the Swine Flu Vaccine could not obtain commercial insurance to protect themselves against possible negligence legal action. The Government therefore agreed to:

(1) provide for the indemnification of suppliers of the vaccine of up to a total of $10,000,000 in respect of any claims attributable to the suppliers' negligence in the processing, testing, filling and packaging of the vaccine; and

(2) pay taxed costs awarded by a court other than those attributable to suppliers negligence, in connection with the said program.

TRANSPORT—NORTHERN TRANSPORTATION COMPANY LIMITED

Vote L108b—To authorize the conversion of outstanding government loans to equity.

Explanation—To convert Northern Transportation Company Limited outstanding government loans of $24.9 million to equity in the form of common stock. The conversion would relieve the Company of substantial debt servicing obligations related to the Company's surplus capacity and should minimize the requirement for annual appropriations.

SCHEDULE E

ONE DOLLAR VOTES WHICH AMEND THE LEGISLATIVE PROVISIONS OF PREVIOUS APPROPRIATION ACTS—2 VOTES.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 25b—To authorize the guarantee of certain loans made by private lenders.

Explanation—To extend the loan guarantee authority already granted to Central Mortgage and Housing Corporation to cover townsite development at Strathcona Sound, Baffin Island, N.W.T. by Nanisivik Mines Limited, to include loans made by private lenders.

INDUSTRY, TRADE AND COMMERCE

Vote L37b—To repeal Industry, Trade and Commerce, Vote L37b and substitute a revised authority.

Explanation—Authority is requested to repeal the original authority approved in Final Supplementary Estimates, 1975-76 and to substitute a revised authority omitting reference to Central Dynamics Limited since they will not participate in the restructuring of Consolidated Computer Incorporated. The original intent and scope are not altered. The agreements to be entered into provide for the conversion of any debt of Consolidated Computer Incorporated and the forgiveness of interest accrued on said debt from February 16, 1976; and the transfer or sale of shares to buyers for valuable consideration including managerial, technological, manufacturing, financial and marketing expertise to Consolidated Computer Incorporated.

APPENDIX "C"

(See p. 204)

THE ESTIMATES

Report of Standing Committee on National Finance On Supplementary Estimates (C)

Thursday, December 9, 1976

The Standing Senate Committee on National Finance to which the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1977, were referred, has in obedience to the order of reference of Tuesday, November 30, 1976, examined the said Supplementary Estimates "C" and reports as follows:

1. In obedience to the foregoing the Committee made a general examination of the Supplementary Estimates "C" and heard evidence from the Honourable R. Andras, President of the Treasury Board and Mr. B. A. MacDonald, Deputy-Secretary, Program Branch.

2. Supplementary Estimates (C) have been introduced solely to provide money to create jobs in areas of high unemployment through federal labour intensive projects. Similar provision has been made as a part of special winter employment programs every year from 1970/71 except 1974/75. For 1976/77 the sum of $150 million is requested through two Votes. The first $100 million will supplement the Local Initiatives Program and the second will establish authority for the Treasury Board to provide a total of $50 million to departments to hire workers directly in projects with a high labour content.

3. The Committee was concerned that all projects financed by this appropriation would be self-terminating within this fiscal year. It sought assurance from the witnesses that the Treasury Board would apply criteria for the allocation of funds which would ensure adherence to a stated terminal date. The Committee recommends that all payments authorized through the Federal Labour Intensive Program be made only to projects which have a stated date of termination and that such projects have a direct impact on the reduction of local unemployment. In no circumstances should the financing of a project through this program commit the federal or any other level of government to future expenditures on it.

Respectfully submitted.

D. D. EVERETT
Chairman

THE SENATE

Monday, December 13, 1976

The Senate met at 8 p.m. the Speaker in the Chair.

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that David Gordon Steuart, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated.

Hon. David Gordon Steuart of the City of Regina, Saskatchewan, introduced between Hon. Raymond J. Perrault, P.C. and Hon. Herbert O. Sparrow.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

NEW SENATORS

FELICITATIONS ON APPOINTMENT

Senator Buckwold: Honourable senators, as one of the Saskatchewan senators, I wonder if I might say a word of welcome to our new colleague, Senator Steuart. It is a proud moment for me to see him sworn into the Senate this evening and join his colleagues in this chamber in the service of our country.

I have known Senator Steuart for many years. We have shared many political battles. We have been involved in local government, and have done as much as we can to keep the proud name of Saskatchewan in front of the people of Canada.

Hon. Senators: Hear, hear!

Senator Buckwold: Senator Steuart comes to us as the former leader of the Liberal Party of Saskatchewan. He was a distinguished Saskatchewan cabinet minister under the premiership of the Honourable Ross Thatcher. He is one of the most respected political personalities in the province of Saskatchewan.

I had the privilege of attending a testimonial dinner for Senator Steuart on Thursday night. It was a great gathering at which representatives of all political parties paid tribute to this distinguished gentleman.

• (2010)

If Senator Steuart does not mind, I should like to repeat a story I told on Thursday evening. I told those assembled that Senator Steuart and I share a good many things in common—we both have been mayors of communities; we both have been active politically; we both have very charming wives; we are both small in stature, and we both share an allegiance to that great country of Ireland. Of course, everyone was stunned when I said that. I then added that the only difference is that Senator Steuart calls those little Irish people leprechauns and I call them "leprecohens."

On behalf of the people of Saskatchewan, I welcome Dave Steuart to this chamber. I know we can look forward to a very real contribution from him.

Senator Argue: Honourable senators, so that my silence will not be misunderstood, I want to make it a unanimous welcome to Senator Steuart from the Saskatchewan senators.

Senator Sparrow, of course, had the distinction of escorting Senator Steuart into the chamber, and Senator Buckwold has just completed a magnificent speech of welcome. I should like to put the new senator to work by inviting him to become a member of the Agriculture Committee.

I am certain that when Senator Steuart addresses the chamber, he will distinguish himself. In my judgment, he is one of the best orators that western Canada has produced—and, of course, western Canada produces the best orators in the country.

Senator Flynn: Honourable senators, I can understand why Senator Argue did not want to remain silent. He had to stand and be counted.

I had not had the pleasure of meeting our new colleague until this evening. He is, of course, well qualified, having been a leader of the Liberal Party of Saskatchewan. I am quite confident that he will distinguish himself in his work in this chamber in the same fashion as have so many former provincial leaders, both those who became premiers of a province and those who sat in opposition.

On behalf of the official opposition in the Senate, I welcome Senator Steuart.

I am only sorry that no one on the government side spoke on Thursday last in welcoming another new colleague, Senator

Jean Marchand, who has had a quite remarkable career in the public life of this country. His reason for being here is the same as mine, and I hope—

Senator Greene: I hope he does better.

Senator Flynn: If he can do better than I have been able to do, that will be quite an achievement. Of course, he will be able to accomplish great things with the help of Senator Greene, who is always ready to interject a comment at the wrong time.

[*Translation*]

I would like also, as was done for Senator Steuart, to welcome my friend, Senator Jean Marchand. His career was most interesting, sometimes stormy. But I believe that—

Senator Robichaud: His career is not over yet.

Senator Flynn: —he will become accustomed to the sober climate of this house. I beg your pardon?

Senator Asselin: Senator Robichaud would like to say a word.

Senator Flynn: Well, of course I will give Senator Robichaud a chance to do so. But, seeing how calmly we deal with matters, possibly Senator Marchand will be tempted on occasion to raise a ruckus and I intend giving him the opportunity to do so. It is his chief quality as a parliamentarian but he has also many other good traits.

I am certain that his contribution will be highly valuable, as will that of Senator Steuart.

As Leader of the Opposition, I think I am speaking for all members of the official opposition when I say that I welcome wholeheartedly the arrival of these two new senators.

I would like also to ask the government leader if, in the not too distant future, I could have the honour and the pleasure to escort, with one of my colleagues of the opposition, one or more persons anxious to join the ranks of the official opposition.

Senator Bourget: Very well.

Senator Flynn: I am certain that, under these circumstances, quantity is certainly not lacking on the government side.

Senator Robichaud: No indeed, neither is quality.

Senator Flynn: I did not mean to imply that quality was lacking, either. I simply wanted to stress that, quantatively, the government is over-represented in the Senate. I hope that the government leader will put the situation to the Prime Minister and ask him to do as he has done tonight; that is, to introduce in this house someone who will sit on side of the official opposition.

Senator Bourget: Very well.

[*English*]

Senator Perrault: Honourable senators, may I take this opportunity to welcome to our ranks two new senators, both of whom are outstanding Canadians in their own right, and both of whom are "supporteurs d'un Canada fort et uni." Both of them believe in a strong and united country, and they are going to add greatly to the strength of this chamber. They are the first of a group of new appointments to the Senate. We can expect more in the foreseeable future, and it is possible and it is hoped that among them will be representatives from opposition parties.

Senator Asselin: When?

Senator Perrault: The result will be a Senate better equipped than ever before to contribute in a very real way to the parliamentary process. Meanwhile, there is certainly great enthusiasm on the part of all honourable senators about the appointment of Senator Marchand from the province of Quebec, and Senator Steuart from the province of Saskatchewan.

The Hon. the Speaker: I should like to announce that all honourable senators are invited to my quarters after this evening's sitting to celebrate the appointment of our two new colleagues.

HEALTH

NOTICE OF SWINE INFLUENZA IMMUNIZATION CLINIC

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that the clinic for immunization against A/swine influenza and A/Victoria influenza, held today, will be continued tomorrow, Tuesday, December 14, between the hours of 12 noon and 3 p.m., in room 112-N. This step has been taken to accommodate many senators who were unable to be in Ottawa for today's clinic.

APPROPRIATION BILL NO. 5, 1976

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Senator Langlois: With leave of the Senate, later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

● (2020)

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act,

Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. Acklands Limited, George Taylor Hardware Division, and the group of its wholesale warehouse, general office and retail employees at Timmins, Ontario, as represented by the Northern Ontario and Quebec District Union of the Retail, Wholesale and Department Store Union. Order dated December 7, 1976.

2. Cochrane-Dunlop Hardware Limited, North Bay, Ontario and the group of its wholesale clerks, warehousemen and truck drivers, as represented by the Retail, Wholesale and Department Store Union, Local 579, AFL-CIO-CLC. Order dated December 7, 1976.

Report of the Department of Transport for the fiscal year ended March 31, 1976, pursuant to section 34 of the Department of Transport Act, Chapter T-15, R.S.C., 1970.

Copies of document entitled "Annual Estimates of the Auditor General for the fiscal years 1972-73 to 1976-77," issued by the President of the Treasury Board.

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

AGENDA ITEMS—QUESTION

Senator Flynn: Honourable senators, may I ask the Leader of the Government, in view of the fact that the press was expelled from the Conference of First Ministers, if he has anything to report on this first day of the meeting?

Senator Perrault: I have no information to substantiate the apparent allegation of the Leader of the Opposition that the press was expelled. Indeed it has been the continuing policy of this government to welcome the legitimate participation of the press in conferences relating to public issues affecting the people of this country. It was a unanimous decision, I understand, taken by the Premiers of Canada that they wished to conduct certain aspects of their intricate and detailed discussions and negotiations privately. It was not a matter of expelling the press, but it was a matter of federal and provincial political leaders of this country deciding they wanted to discuss certain matters in private. I find that this in no sense creates a dangerous precedent in this country. Indeed, all levels of government from time to time have confidential meetings, which enable a type of discussion and detailed deliberation which would otherwise not be possible in front of television cameras and radio microphones.

Senator Flynn: I'm impressed; but I wasn't inquiring only about the absence of the press or the refusal to accept the press. I also inquired of the leader whether he had anything to report on the first day of the conference. This may come as a shock to him, but everyone is very much interested in the result of this first encounter between Mr. Trudeau and Mr. Lévesque, and I was wondering if the leader had anything to tell us that would be of interest not only to the Senate but to the public in general.

Senator Perrault: Honourable senators, it seems to me that to employ the word "encounter" is not conducive to promoting the type of atmosphere that we would like to see at this conference. My understanding is that the first day's deliberations have gone very well indeed, and I hope to be in a position to report more fully to the house at the earliest opportunity. Certainly, the Government of Canada does not approach this meeting in a spirit of confrontation, in a spirit which suggests or implies that some sort of crisis situation exists. Constructive initiatives are being advanced by the Government of Canada.

An Hon. Senator: And also by the premiers.

Senator Perrault: As the Bible says, "Let us sit down and reason together." This is what is taking place in our nation's capital this week—

Senator Croll: Even here.

Senator Flynn: Has the leader anything to tell us about the agenda of the conference? He was going to explain the apparent contradiction in his reply of last week as to whether the conference would discuss constitutional matters as well as economic problems.

Senator Perrault: Honourable senators, I hope to be able to make a statement tomorrow when the Senate meets. I am unable to provide a complete reply today because this has been the first conference day, which involved, I understand, the development and approval of an agenda.

Senator Flynn: If I remember correctly, the Leader of the Government told us he would let us know about the agenda. I said that if he does it after the conference has taken place it will not be much of an accomplishment.

APPROPRIATION BILL NO. 5, 1976

SECOND READING—DEBATE ADJOURNED

Hon. Léopold Langlois moved the second reading of Bill C-28, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

He said: Honourable senators, before I came into the chamber this evening I requested that copies of the two tables I had in my possession concerning this bill be distributed to all honourable senators. The first table is entitled "Supply, 1976-77," and it, after a brief explanation of Appropriation Act No. 5, gives a summary of Appropriation Acts Nos. 2, 3 and 4, and also a summary of supplementary estimates (B) and (C). The second table is entitled "Estimates, 1976-77," and it gives a résumé of the main estimates and supplementary estimates (A), (B) and (C) in two columns, one headed "To be voted," and the other "Statutory," with totals for each. It also has a footnote giving a breakdown of the supplementary payments which have been made in respect of old age pensions, guaranteed income supplement and spouse allowances, which were contained in the main estimates tabled earlier in this chamber. I thought these two tables would be of some use to honourable senators in their consideration of the bill presently before us.

I come now to the bill itself. As honourable senators will recall, approval was given on June 29 last to two appropriation acts which released the balance of the main estimates, and the total of supplementary estimates (A), for 1976-77. The bill before us today is based on supplementary estimates (B) and (C) for 1976-77, and provides a total of $577 million to meet further expenditures in the current fiscal year.

● (2030)

Supplementary estimates (B) for the fiscal year 1976-77 were tabled in this chamber and referred to the Standing Senate Committee on National Finance on November 16. The voted portion of these estimates totals $396 million, consisting of $363 million in budgetary items and $33 million in non-budgetary expenditures.

Supplementary estimates (C) for the fiscal year 1976-77 were tabled and referred to the Standing Senate Committee on National Finance on November 30. These estimates consist of two votes which total, as honourable senators will recall, $150 million.

As honourable senators are aware, both sets of estimates have been reviewed by the National Finance Committee, and were discussed in committee with the President of the Treasury Board and his officials on December 8. I remind the house that this meeting was the first one which the new President of the Treasury Board, the Honourable Robert Andras, attended. He created—and I am sure I am voicing the opinion of all who were present at the meeting—a very good impression on the committee by his detailed and precise answers to all questions which were put to him.

Supplementary estimates (B) provide for the following programs which were not in the original or main estimates:

(1) $65 million for job creation under the 1976-77 Local Initiatives Program;

(2) $23 million as a gross requirement for contributions under housing programs announced in December 1975. This increase will be, of course, partially offset by expected lapses in other items, as was announced in committee by the President of the Treasury Board;

(3) $15 million for the Swine Flu Immunization Program; and

(4) $9 million for settlement of the Indian land claims under the James Bay Agreement.

The majority of remaining major supplementary items are related to increased levels of activity and benefits under programs which are similar to statutory programs in that federal payments are determined by formulae and are, therefore, essentially non-discretionary. Included in this category are the following:

(1) $32 million in payments to the provinces toward language education;

(2) $27 million for increased education and social assistance payments under the Indian and Eskimo affairs program;

(3) $24 million for a special payment to Alberta in accordance with the 1974 agreement on maintenance of the domestic oil price; and

(4) $20 million for increased manpower training allowances.

In addition, these estimates contain revisions to statutory programs amounting to $197 million. For example, the Canada Assistance Plan is to be supplemented by $115 million to meet increased benefits and case loads. This increase is offset in part by $111 million in funds available due to lower than expected payments for other income security, social assistance and health care items. Contracting-out payments and fiscal transfers to the provinces account for a further $109 million of the statutory supplementaries, and increased payments to the railways, primarily for uneconomic branch lines and passenger services, as was explained in detail to the committee, result in an additional $63 million.

Supplementary estimates (C), which total $150 million, provide money to create jobs in areas of high unemployment. As honourable senators will see, this estimate contains only two items—one to increase the provision for the Local Initiatives Program for this winter by $100 million, and a second for a vote of $50 million under the control of the Treasury Board to provide funds to departments to hire workers directly in projects with a high labour content. This new program was fully explained by the minister on the day that this estimate was reviewed by the National Finance Committee.

I should like also to emphasize that, as a result of the government's extremely vigorous scrutiny of all requests for supplementary funds by departments and agencies, these supplementary estimates include only items which are virtually non-discretionary in nature, or which are absolutely essential in order to deal effectively with very pressing problems that have arisen since the tabling of the main estimates in Parliament.

The total of the estimates to date for the year, including both statutory and voted items, is $40.3 billion, which is well within the government's previously announced target ceiling of 14 per cent growth over actual 1975-76 expenditures.

Honourable senators, I think I have covered the important features of this bill, and if further explanations are required, I shall be pleased to supply them.

Senator Grosart: Honourable senators, I understand that there is no urgency in respect of passing this appropriation bill tonight, in which case I shall move the adjournment of the debate.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 14, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Capital Budget of Northern Canada Power Commission for the fiscal year ending March 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-732, dated March 27, 1975, approving same.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. Cargill Grain Company Limited, Baie Comeau, Quebec and the group of its employees represented by the National Union of Employees of Cargill Grain Company. Order dated December 9, 1976.

2. The Tismakaming Board of Education, New Liskeard, Ontario and the group of its Administrative Staff. Order dated December 9, 1976.

3. The Saskatchewan Construction Labour Relations Council, Regina, Saskatchewan and its employees represented by various unions and locals. Order dated December 6, 1976.

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 20(2) of the National Film Act, Chapter N-7, R.S.C., 1970.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. E. B. Eddy Forest Products Ltd. and their manufacturing employees represented by Local 2-237 of the International Woodworkers of America, dated December 6, 1976.

2. The Elk River Timber Company Limited, Campbell River, British Columbia and its Executive and Supervisory Groups, dated December 7, 1976.

3. Kalium Chemicals, a division of PPG Industries (Canada) Ltd., Regina, Saskatchewan and its Operator Technicians, dated December 7, 1976.

4. St. Lawrence Lodge, Home for the Aged, Brockville, Ontario and certain groups of its employees, dated December 7, 1976.

80003—15½

THE HONOURABLE JOHN J. CONNOLLY, P.C.
THE HONOURABLE EUGENE A. FORSEY
THE HONOURABLE JOSEPH A. SULLIVAN

Senator Perrault: Honourable senators, may I take this opportunity to bring good news to this chamber with respect to the health condition of three of our distinguished senators. I have been informed that Senator Forsey came home this morning. He has had a successful operation and is making a satisfactory recovery. He will, however, require some time for convalescence at home.

I have been informed as well that another of our distinguished colleagues, the Honourable Senator Connolly, had an excellent health report this morning and as a result he has been cleared to go home tomorrow. He, too, will require some time for convalescence at home.

I have been further informed that Senator Sullivan is making steady progress at home.

I know that all honourable senators would want to join me in wishing those of our colleagues who are physically incapacitated at the present time a full and speedy recovery.

Hon. Senators: Hear, hear.

PRIVATE BILL

BELL CANADA—REPORT OF COMMITTEE

Senator Haig, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill S-2, respecting Bell Canada, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Deschatelets moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

AGENDA ITEMS—QUESTION ANSWERED

Senator Perrault: Honourable senators, yesterday I promised to make a statement with respect to the Federal-Provincial Conference of First Ministers. I have some information which I am able to provide today.

Honourable senators will recall that yesterday the Leader of the Opposition asked about the items to be dealt with on the conference agenda. The conference dealt with two items, fiscal policy and the state of the economy. Discussions on the first item have been quite productive. The discussion with respect to fiscal policy occupied most of the time of the conference. This discussion was completed at noon, and it is my understanding that an agreement has been achieved on the basis for fiscal arrangements between the federal government and the provinces for the period beginning April 1. As honourable senators are aware, agreements of this kind are usually for a duration of five years. Today's reported agreement seems to indicate some very encouraging progress. The Prime Minister will hold a press conference this afternoon, when I understand that additional details will be provided with respect to this fiscal agreement.

I can report that the subject of the Constitution of Canada was not an official agenda item, at the request of one of the premiers attending the conference. It is my understanding, however, that a useful constitutional discussion was held privately at the Prime Minister's residence last night on the occasion of the dinner which was attended by the provincial premiers of Canada.

● (1410)

That is all that I am able to report on that subject at the present time. More detail will be available later this week.

Senator Grosart: Honourable senators, I wonder if I might ask the Leader of the Government if there has been unanimous agreement by the 11 first ministers on the matter of the five-year fiscal agreement.

Senator Perrault: Honourable senators, as I say, more details will be announced by the Prime Minister this afternoon. It is my understanding that there has been substantial agreement among the provinces with respect to the fiscal sharing arrangements over the next five years. With regard to the position of each of the provinces, I do not have that information available, but an agreement has been achieved.

Senator Asselin: Was it unanimous?

[*Translation*]

Senator Perrault: I do not know. I have no information on that.

[*English*]

Senator Grosart: I take it that the Leader of the Government is not aware at this time whether it was a unanimous agreement?

Senator Perrault: Honourable senators, I hesitate to use the word "unanimous" because I do not have the information available to suggest unanimity. However, I shall seek that information over the next hour, and hopefully I can report to this chamber. The report made available to me was literally made available 10 minutes before we entered the chamber, so I do not have all the details.

HER MAJESTY THE QUEEN

SILVER JUBILEE CELEBRATION –QUESTION ANSWERED

Senator Perrault: Honourable senators, on October 27 Senator Forsey asked a question with respect to the Queen's Silver Jubilee, which falls on February 6, 1977. The question was: What plans has the government for a special issue of stamps or coins or both, to celebrate the event?

I replied then that the Government of Canada intends to mark the Silver Jubilee in many appropriate ways.

Honourable senators may be interested to know that an interdepartmental committee has now been established under the auspices of one of the government departments. The committee is in the process of studying various proposals to mark the Jubilee Year 1977 in Canada. It is expected that an announcement of the projects approved by the government will be made shortly.

One project that has been announced is the awarding to distinguished Canadians of a Silver Jubilee Medal. The medal will be minted in Canada and will differ from the British medal in that the reverse side will be designed by a Canadian designer. The full details of the awarding criteria and distribution will be announced later.

Senator Hicks: May I ask a supplementary question? I take it that it is implied in your answer—and please correct me if I am wrong—that there will be no special stamps issued to mark the occasion; otherwise, that would have to be known by this time?

Senator Perrault: On the basis of the information available to me, I am unable to comment on that possibility. I will make a further inquiry of our philatelic people to determine whether a stamp will be issued. It seems that it would be entirely appropriate to have a stamp issued on an occasion such as this. I mentioned the medal, really, to suggest that this is but one of several projects which are to be undertaken by the government. A special stamp issue could well be part of the general jubilee celebration.

Senator Williams: I should like to ask the Leader of the Government if the competition for a design of that medal to be presented to distinguished Canadians will include all artists in Canada?

In the past, Indian artists have not been notified of competitions. On one occasion an Indian design won a competition, but the artist was not an Indian.

Senator Perrault: Honourable senators, I shall bring that concern to the attention of the minister responsible for the work of that Jubilee Committee. Senator Williams appears to

have made a valid point, and I assure him that his concern will be communicated.

ENERGY

PROPOSED INCREASE IN OIL PRICES BY OPEC—QUESTION ANSWERED

Senator Perrault: On November 18 last Senator Austin asked whether the government has any information yet about the possibility of an increase in oil prices by the Organization of Petroleum Exporting Countries. He also asked: "What is the cost to Canada of an increase of $1 per barrel, based on volumes of imports to Canada? Would the government leader also inform this chamber what benefits the provinces of Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland enjoy as a result of the current lower-than-international price of oil imported and consumed in those provinces?"

The answer is that the government has no concrete information as yet about the possibility of an increase in oil prices by the Organization of Petroleum Exporting Countries. A number of reports have been issued, but nothing official. Notwithstanding the possibly harmful effects of a further world oil price increase on global economic recovery, there seems to be a general expectation that some rise in OPEC prices will occur in the early part of next year.

Based on net imports of approximately 300,000 barrels a day, the net balance of payments cost to Canada in a full year of an increase of $1 per barrel in our import costs would be approximately $110 million.

Areas of Canada wholly or partly dependent on imported oil currently benefit to the extent of over $3 per barrel under the federal Oil Import Compensation Program. That is to say, without this program, oil product prices in these areas would be approximately 10 cents a gallon higher than they now are. The aggregate amount paid out under the program between January 1, 1974, and June 30, 1976, was approximately $3 billion, of which roughly two-thirds was for the benefit of consumers in eastern Ontario and Quebec and one-third for consumers in the Atlantic provinces.

NATIONAL CAPITAL REGION

RECONSTITUTION OF SPECIAL JOINT COMMITTEE—FURTHER QUESTION

Senator Asselin: Can the Leader of the Government tell the Senate why the Joint Committee on the National Capital Region has not yet been constituted in this session?

Senator Perrault: A decision has still to be taken with respect to the reconstitution of this committee. I said a few days ago—the honourable senator may not have been in his place—that I would report as soon as I could on the possibility of this committee's being re-established. However, no decision has yet been made.

CANADIAN BROADCASTING CORPORATION

DOCUMENTARY PROGRAM—QUESTION OF PRIVILEGE

Senator Norrie: Honourable senators, I request leave to make a statement concerning a CBC documentary program.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Norrie: My statement concerns a CBC documentary program *The Fifth Estate,* which I saw last Wednesday evening, December 8, 1976. It was a 40-minute documentary, handled chiefly by the CBC lady of the air Adrienne Clarkson, on McCain Foods of Florenceville, New Brunswick.

Before mentioning my complaint, I wish to make it clear that I am an "in-law" of one of the McCains involved. This fact makes the following neither better nor worse. I merely wish to have everything out in the open, which was certainly not the case with Miss Clarkson's narration.

In my opinion, Miss Clarkson must have a perverted mind when she is able to work so hard to find such ugly things to say and insinuate about McCain Foods. The maritimes is one of the "have not" areas so far as dollars and cents are concerned, but, by God—and I say that reverently—we have many very fine citizens who can hold their own with those anywhere in the world, and the McCain boys and their families are exactly that.

Miss Clarkson talked a lot about McCains using taxpayers' money, and getting grants or loans to expand. Certainly they did, over 20 years of hard work; they did not steal it.

Now tell me, Miss Clarkson, how many dollars of the taxpayers' money in this country did you spend to gather all the insults and what, in some instances, amounts to lies because the material was taken out of context? Of course, this is what the CBC likes—scandal, horror stories, inuendos, and anything to ruin this great country of ours and its fine citizens.

She interviewed farmers who could not grow a burdock if they died for it. Did she report on one of the many dozens of good farmers who love every one of the McCains, and who have been friends and have done business with them for 20 years? What happened to the interview with the member of the Hatfield government who praised the McCains and all aspects of their work? That would have spoiled the sadistic tone of the show for Miss Clarkson. You should have heard the radio stations buzzing after that rotten show.

● (1420)

Now, Miss Clarkson, I demand a true expense account for the hours you and your troupe spent travelling all through the plants which the McCains operate, as well as for the coverage of the plant which they opened recently in England. Please send the account to the above address. Do not forget to include the hours, days and weeks you have spent interviewing farmers, out of which you could find only two instances, bad enough to report. The taxpayers will groan over this one.

Has the CBC come to this—wasted time; the ruination of the names of good people; sensationalism; the twisting of facts

to display whatever meaning it wishes to make of them? If this is so, we have had enough of the CBC in our free country.

Senator Beaubien: Hear, hear!

Senator Quart: Honourable senators, I have been heartened at hearing Senator Norrie's speech. I, too, listened to the program on the McCains, and was shocked. Of course, I do not particularly like Adrienne Clarkson, but despite that I was shocked. In fact, I have no personal interest one way or another with respect to whether McCain Foods is successful, but it seems to me that this Canadian company is the largest of its particular kind in the world. It is a processor of French fried potatoes, and potatoes in various forms. Indeed, I have probably contributed a little to their success. In my opinion, Miss Clarkson's treatment of this company was absolutely scandalous, and this was not the first such program in which Adrienne Clarkson has put down Canadian business.

She is probably a naturalized Canadian now, but for several years, when the program *Take Thirty* was on, she was not, and it was my impression that she tried repeatedly to degrade Canadians who had been successful.

I congratulate you, Senator Norrie. I have had so many battles with the CBC that I am sure they would no longer bother to listen to me, but there are many other programs which should be examined because their programming situation seems to me to be pretty bad.

As one colleague to another, may I say that I much appreciate your raising this point.

Senator Norrie: Thank you very much.

APPROPRIATION BILL NO. 5, 1976

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Langlois for the second reading of Bill C-28, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

Hon. Allister Grosart: Honourable senators, I made some remarks on the estimates on which this appropriation bill and its companion are based. I will not repeat what I said then. On this occasion I should like to say that we are all in the embarrassing position of being asked to pass an appropriation bill under the present circumstances.

I should say at once that this year, for the first time, these appropriation bills bring the government expenditure in this area, which is by no means the total area of government expenditure in the year, over $40 billion. We are also told at this time that the government is showing great restraint, and we have a promise that the increase in government expenditure next year will be held to 14 per cent.

Senator Perrault: Hear, hear.

Senator Grosart: The Leader of the Government says, "Hear, hear." I wonder if it has occurred to him how ridiculous it is that we should have a government saying to everyone else in Canada, "You must hold the line. You must control expenditures far below 14 per cent, while we continue to spend at a rate of increase of 14 per cent."

Nobody has explained to me yet why it makes any sense for the government to say to the whole of the economy, including the private sector of the economy, "A 14 per cent increase in your expenditures would be disastrous. A 14 per cent increase in your prices would be disastrous." And yet the government says, "We are really saying to you that the evidence of our restraint is that next year we will not increase expenditures over 14 per cent."

Senator Perrault: Would the honourable senator permit a question?

Senator Grosart: Yes, of course.

Senator Perrault: In the other place, of course, the hold-up in the passage of Bill C-19 is precisely because the opposition opposes some of the cutbacks proposed by the government in this restraint program. That is the incredible illogicality of the situation.

Senator Grosart: I am not surprised that the opposition opposes anything suggested by this government in the whole area of government expenditure at a time when we are told that the government is wasting money. We have the evidence of the Auditor General, and the kinds of things that are said in that impartial outsider report are, for example, that government has "lost or is close to losing effective control of the public purse."

I suggest that it is a ridiculous situation for this or any other legislative body to be in, to be asked to pass this bill when we have this statement that the government has lost or is close to losing effective control of its own spending.

We are told by the Auditor General that "financial management and control in the Government of Canada is grossly inadequate." I am quoting the Auditor General directly. He refers to the "highly unsatisfactory state of financial control throughout the government." I emphasize the word "throughout." Throughout the government there is this lack of control. Yet here in the Senate we are asked to pass this bill, when, I am sure, there is not a senator here who is not aware that there are expenditures we are asked to consent to which are unnecessary. Because if the waste is there it is there. It is in this appropriation bill. It is in the supplementary estimates. Yet we are asked to pass this bill. Why? What is the reason?

The Auditor General suggests this is one reason: "Recognition and rewards in the federal public service have gone to those who could devise ingenious new programs rather than to those charged with the responsibility of restraining and controlling expenditures and ensuring that good value is obtained for the money spent."

I am sure on reflection the Leader of the Government will not be surprised that any suggestion in this whole area is questioned in the other place; and some of them have been questioned here and in our committee, I am glad to say.

What makes the whole situation even more embarrassing for anyone asked to consent to the passage of these appropriation

bills is that the government itself has resisted the one clear solution offered by the Auditor General. He said that the answer, or a large part of the answer, would be to appoint a comptroller general. But the government said no. This would disturb the present setup. It would annoy deputy ministers, because the comptroller general, as suggested, would have the rank of deputy minister. Therefore, the government would not accede to that request or suggestion. I cannot understand why the government will not accede to this most sensible suggestion, the kind of suggestion which has been taken up in the private sector over and over again. Almost any business has a comptroller of expenditures, some one person who has the overall job of looking after the expenditures and saying whether they are necessary. The suggestion was, of course, that the comptroller general would have a fiscal officer in each department. This again has been turned down. My understanding is that there has been a suggestion from the minister that there might be fiscal officers appointed, but with no suggestion as to whom they would be responsible. They would be responsible probably only to their deputy ministers, which would not change the situation in the least.

● (1430)

What concerns me is the apparent indifference shown by the government at the present time to the situation now presented by the Auditor General. The Leader of the Government told us a moment ago that one of the subjects that came before the meeting of the First Ministers was the state of the economy. I can understand why he did not give us any indication of what the decision was—if there was a decision—by the First Ministers about the state of the economy.

Senator Perrault: A discussion.

Senator Grosart: I am sure it would be embarrassing for him to have to relate to us some of the comments that were made on the state of the economy and the reasons therefor, particularly those that concerned policy decisions, or lack of decisions, at the federal government level.

In presenting the bill, the deputy leader paid tribute to the new minister. As far as the minister's presentation before the committee is concerned, in general I would agree that the tribute was well deserved. The minister carried on the tradition of his immediate predecessor of giving frank answers to questions. However, perhaps elsewhere he was too frank, because certainly many Canadians were shocked to hear him fluff off—if I may use the common vulgarism—the concern of the Auditor General by saying, "Well, it is only $6.6 billion. We have added up all the complaints of the Auditor General and they amount to only $6.6 billion."

Senator Croll: Million.

Senator Grosart: I am sorry, $6.6 million. If it was billion he might have been more accurate. It is $6.6 million. It invites the comment, "What's $6 million?" Maybe that is the natural inflation of the government approach to these financial problems. Some years ago it was, "What's" $1 million?" Now it is, "What's $6 million?" This is at a time when the best estimate I can obtain is that the deficit in the federal budget this year will be $5 billion or $6 billion. And I am right with the billion this time. Yet we have this apparent unconcern, "What's $6.6 million?" Obviously, that is the tip of the iceberg. The minister has added up the specific complaints which, it is clear from the Auditor General's report, were examples, instances, of this lack of control, this loss of control.

I would ask any senators who might be interested in any business, either as shareholders or as directors: What would your response be if the external auditors made a report saying, "The management of this company has lost, or is close to losing, effective control"? You would fire them. Unfortunately, we are not in a position directly to fire the managers of our affairs at the present time. That opportunity will come and I for one hope that the public response will be what this kind of attitude towards government expenditure warrants.

Hon. Léopold Langlois: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Langlois: Honourable senators, I will endeavour to be as brief as possible, while trying to give answers to the generalities that we have heard from my friend opposite.

The honourable senator first mentioned that the estimates presently before us are an example of waste in government expenditures. He also referred—and this was the essence of his speech—to the Auditor General's report, but he forgot to mention the comments made before the Standing Senate Committee on National Finance by the President of the Treasury Board when he stated, rightly so to my mind, that it was wrong, as was done in regard to the Auditor General's report, to equate the criticism of the Auditor General to waste rather than to accountability. I do not think any allegation of waste made with respect to that report has been supported by factual evidence. It is very easy to do what has been done. We have seen in the newspapers and heard comments on the radio that because an amount has not been accounted for in the clearest terms possible it is tantamount to waste. There is no proof whatsoever to that effect.

Senator Asselin: Eight million.

Senator Grosart: You have not read the report.

Senator Langlois: I have read the report, but I have not read it the way you did, with an eye to criticism. There is no proof of waste whatsoever. Even when the Auditor General says in his report that some departments or crown agencies have lost control, or are about to lose control, where does the truth lie? Have they lost, or are they about to lose, control over their management? Again we are in suspense.

Senator Grosart: The suspense is your fault.

Senator Langlois: Any comment can be made on that basis, but this is not a factual comment.

Senator Phillips: Does the truth lie with Atomic Energy of Canada Limited?

Senator Langlois: There is no evidence that there was any waste in that respect either. At this time my honourable friend seems only to be drawing on his imagination. I know it is the role of the opposition to try to find fault with the government of the day, but they should not endeavour to find fault where there are no facts on which to base it.

Senator Phillips: In fairness to the honourable senator—

Senator Langlois: If you want to make a speech, I will sit down to let you make one and I will reply to you afterwards. If you have any questions, put them. I will not, however, allow you to make a speech at this stage, because I am closing the debate. I want to have an opportunity of replying to you or anybody else who wishes to comment on the bill now before us.

Senator Phillips: I will leave your imagination on the record.

Senator Langlois: Very well.

It is a question of accountability. The Deputy Leader of the Opposition should have read the progress report tabled in the other place by the President of the Treasury Board on November 19. If he had done so, I am sure he would have to conclude with me that his remarks today were not based on factual information, because something has been done since the Glassco report, which was implemented, starting away back in 1969. A lot has been done on this report. I will not go over it all; it is a very lengthy progress report, consisting of 13 pages. I will limit my comments to quoting the last three paragraphs, which read:

● (1440)

> But in all fairness, this evolution must be considered in the appropriate historical perspective. It must be recognized that the policy of decentralized management adopted in 1962 was the most fundamental innovation to be introduced in the public administration of Canada in the last fifty years. This policy was adopted to implement the recommendations of the Royal Commission on Government Organization (the Glassco Commission); and while decentralization of management has resulted in a lengthy and occasionally messy adjustment process, there can be no doubt, in my view, that it has triggered a "quantum leap" in the general efficiency and effectiveness of government operations. In this respect, credit must be given where credit is due. While the recommendations of the Glassco Commission were implemented by later administrations, I must pay tribute to the foresight which the government led by the Right Honourable Member for Prince Albert manifested in establishing, 16 years ago, the Royal Commission on Government Organization.
>
> Financial Administration is perhaps the most complex and arcane aspect of government operations. It is an area where Parliament and the Government must constantly seek expert advice to ensure that the highest attainable standards are met in the administration of public funds. It is an area where the vigilance of the Auditor General has been of invaluable assistance to us in assessing independently and without political bias the extent to which these standards are effectively achieved in the day-to-day operations of government. The bill to which this house gave first reading on November 1st bears witness to the government's determination to clarify the duties and responsibilities of this servant of Parliament and to provide him with better means of fulfilling his important function.
>
> But, to paraphrase Georges Clémenceau, financial administration is too serious a matter to be allowed to become the exclusive preserve of accountants or management consultants. In our parliamentary system, the ultimate responsibility for financial control rests with Parliament, and with Parliament alone. Accordingly, it is my ambition, during my tenure as President of the Treasury Board, to ensure that parliamentarians will be provided with all the factual and analytical information required for them to exercise fully their constitutional responsibility in respect of financial administration.

I do not believe that anyone can criticize such an attitude on the part of the President of the Treasury Board. This statement was preceded by another statement made in the house on November 2. It is a lengthy statement and I will not quote extensively from it, but I will limit myself to a few paragraphs from the news release of that date by the minister acting as President of the Treasury Board, as follows:

> Commenting on the terms of reference of the commission, Mr. Andras noted that its mandate is basically twofold, namely, to enquire and report on the structure, systems and procedures required:
>
> —to ensure that financial management and control exercised at all levels and in all federal departments and agencies meet the highest attainable standards; and
>
> —to establish effective administrative accountability of deputy ministers and heads of crown agencies to the government, and, where appropriate, to Parliament.

Before the committee the minister made a further comment, of which my honourable friend on the other side seems to have lost memory. The minister explained to the committee members why this matter had been referred to a royal commission to underline the principle behind the establishment of crown agencies and crown corporations, which principle is their removal from political control. He asked us a question which no one dared answer. How far can we go in controlling the administration of these crown corporations or agencies without destroying the very principle on which they are based and for which they are created? This is the point: Members of Parliament cannot interfere with the managerial affairs of a corporation without making such corporation subject to political control by parliamentarians, which would be to defeat exactly the purposes for which the corporation was created. This is the main reason behind the referral of this very delicate problem to a royal commission.

Some Hon. Senators: Hear, hear.

Senator Langlois: I believe the government was right, and no one can criticize such a decision.

Senator Grosart: It has been criticized.

Senator Langlois: I had not anticipated entering such a debate today, having been under the impression that we intended to deal with the estimates before us.

Senator Grosart: They are not before us.

Senator Langlois: I will make a last comment, returning to the subject matter of the present debate in refuting to the best of my ability the argument advanced by my honourable friend opposite that these estimates are an example of waste. I would have liked him to have given us a single example in support of such a statement. As he has no doubt himself noticed, and as I pointed out in my address last evening, most of these items are either to cover circumstances which did not exist when the main estimates were tabled before Parliament, or are items with respect to which the government has no discretion at all, such as transfers to the provinces and statutory votes. Parliament has no control over such funds but has to provide them for the purposes just mentioned. To conclude that there is waste is, in my opinion, getting far away from the factual situations which are covered by these estimates.

Some Hon. Senators: Hear, hear.

Senator Langlois: With that I conclude my remarks, and thank you for your kind attention.

Senator Grosart: Could I ask the deputy leader one question? Would he not regard it as strange that after this long story of implementation of the Glassco Commission report 20 years ago that when the Auditor General still says, "The government has lost or is close to losing effective control of the public purse," the answer now is another royal commission?

Senator Langlois: The present royal commission, of course, is to find a means to achieve exactly what was recommended by the Auditor General. One cannot say that the government intends to escape its responsibilities. As a matter of fact, the government has already mentioned in the progress report of the honourable minister, the President of the Treasury Board, made to the House of Commons on November 19, that a long time before the report of the Auditor General was issued the government had already started initiating programs to control expenditures of departments and agencies. My honourable friend knows that as well as I do, and when the Auditor General says that the government has either lost or is about to lose control of the public purse, it is a very easy statement to make, but it does not prove anything at all. What is the situation? Has it lost, or is it about to lose, control, and, if so, to what degree would control be lost? There is nothing to establish that, and there is no possible relationship between this statement and the factual information concerning the circumstances of which he was complaining.

Senator Grosart: The deputy leader quoted the President of the Treasury Board as saying that the comment by the Auditor General was non-political.

Senator Phillips: And imaginative.

● (1450)

Senator Langlois: What does that prove? Do you mean to say that he is right simply because he is non-political? My friend can easily be wrong when he is political. I am reminded of the comment that my honourable friends on the other side of the house made when the present Auditor General was appointed. As we all recall, the government was then accused of making a political appointment. My honourable friend cannot have his cake and eat it.

The Hon. the Speaker: Honourable senators, it is moved that this bill be read a second time. Is it your pleasure to adopt the motion?

Senator Grosart: On division.

Motion agreed to and bill read second time, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NORTH ATLANTIC ASSEMBLY

TWENTY-SECOND ANNUAL SESSION, WILLIAMSBURG, VIRGINIA, U.S.A.—DEBATE ADJOURNED

Hon. Charles McElman rose pursuant to notice:

> That he will call the attention of the Senate to the Twenty-second Annual Session of the North Atlantic Assembly, held in Williamsburg, Virginia, U.S.A., from 12th to 19th November, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

He said: Honourable senators, I fear this may be one of those occasions, the general effect of which will be to reduce attendance in this chamber near to, but hopefully not below, the quorum level.

The twenty-second annual session of the North Atlantic Assembly was held from November 14 to 19 at colonial Williamsburg in the state of Virginia, an appropriate setting during the United States Bicentennial Year.

It is regrettable that the illness of Senator Hamilton McDonald prevents him from drawing the attention of the Senate to this important meeting, and initiating a discussion of it, as was his intention. I join with other honourable senators in wishing Senator McDonald a speedy recovery and return to this chamber.

In his absence, permit me to initiate the debate with some general remarks concerning NATO and the North Atlantic Assembly, along with specific comment on the activities of the annual session of the Economic Committee, of which I was a member. It is my understanding that other honourable senators will speak in this debate concerning the work of the committees on which they served.

The Senate of Canada was well represented at Williamsburg. Senator Hamilton McDonald served on the Military Committee; Senator Paul Yuzyk on the Committee on Education, Cultural Affairs and Information; Senator Paul Lafond

on the Scientific and Technical Committee; and Senator David Walker on the Political Committee.

I might say, as an aside, that when we were attending our briefing before going to Williamsburg, I commented to Senator Walker, in the best of good humour, that I found it puzzling that he was nominated to the Political Committee, since he was such a completely non-political person. However, I must add that Senator Walker and I thoroughly enjoyed each other's company while attending the sessions.

I should point out that delegates to the assembly are chosen by their respective national parliaments from the various political parties represented. It is expected that such delegates should be representative of their nations rather than their political parties in the partisan sense. The Canadian delegates of all parties have an excellent record in this respect, an example which could be emulated by some of the more socialistic delegates from several European nations, who tend to "gang up."

The Canadian delegation was led by the president of the Canadian NATO Parliamentary Association, Mr. Tom Lefebvre, M.P. for Pontiac, who is a very able and affable representative. In addition to the five senators already mentioned, there were 19 delegates from the House of Commons. Mr. Paul Langlois, M.P. for Chicoutimi, was present also in his capacity as an executive officer of the Assembly, and he was re-elected to the office of treasurer for another year.

Another Canadian parliamentarian, Mr. Ralph Stewart, M.P. for Cochrane, was elected chairman of the Committee on Education, Cultural Affairs and Information. I believe it to be the first time that a Canadian has held that post.

This is in the tradition established by Canadian delegations to the Assembly. Many honourable senators will recall with affection that one of the persons most responsible for the founding of the North Atlantic Assembly was the Honourable Wishart Robertson, then Speaker of the Senate, who became the first president of the Assembly. Canada has provided two other presidents, Mr. Jean-Eudes Dubé, then an M.P. from New Brunswick, in 1966-67, and Mr. Terrence Murphy, M.P., in 1971-72. It is noteworthy that until this year Canada was the only one of the 15 nations to have provided three presidents of the Assembly, and each of them served with distinction.

Prior to our arrival at Williamsburg, the Canadian delegation was taken on a special tour of military installations at Norfolk, Virginia. It was an enlightening and seriously absorbing experience.

The various establishments of the United States Navy, Army, Air Force and Marines combine to make Norfolk one of the greatest and most modern military complexes in the world. Its size can be appreciated when one realizes that the total number of service and civilian personnel employed at these establishments in Norfolk is approximately twice the total of all servicemen and women in the Canadian Armed Forces.

At Norfolk we were given a detailed briefing on the North Atlantic defence shield by both Canadian and American officers, as well as a tour of the USS *Dahlgren*, a modern guided-missile destroyer. It was most enlightening, to say the least. These and other military aspects of the visit will be dealt with in more detail by other participants in this debate.

As honourable senators are aware, NATO is composed of 15 member nations—the United Kingdom, France, West Germany, the Netherlands, Belgium, Luxembourg, Denmark, Norway, Iceland, Italy, Portugal, Greece, Turkey, the United States and Canada. Some 10 years ago France withdrew her military forces from the day-to-day commitment to the alliance, but remains involved in most other activities of the organization. It was this withdrawal that necessitated the removal of NATO headquarters from Paris to Brussels in 1967.

It should be noted that Spain has, in recent weeks, made the necessary political decisions to prepare for free elections early in the new year, and this will bring to office the first democratically elected government in Spain since Generalissimo Francisco Franco seized power in 1939. It is being widely forecast that, with the return to democracy, Spain will be invited to become a member of NATO. The mixture they may join is, indeed, a strange one.

Without question, NATO is a conglomerate whose component parts have a diversity of backgrounds, historic military alliances and antagonisms, political philosophies, records of economic stability and instability, varying levels of industrial development and, currently, some very worrisome adversary situations. Greece and Turkey still sit, although some distance apart, at the conference tables of NATO and the North Atlantic Assembly, while efforts continue to settle their differences over Cyprus and offshore territorial claims. Similarly, the United Kingdom and Iceland seek distance between themselves at the meetings; but they still sit while a more lasting solution to the temporary truce in the cod war is under discussion.

The Federal Republic of Germany, the loser in World War II, is the most stable economic unit of Europe in the alliance, and displays, in addition, remarkable political stability—a source of envy to some member nations who supposedly won World War II.

● (1500)

The United Kingdom, brought to the brink of financial ruin by socialist misdirection, has seen its once secure currency sink to the depths, and has been humbled before the world in order to meet the requirements for a desperation loan from the International Monetary Fund. One can only hope that fiscal sanity and the return of a strong Tory government there will soon coincide.

Senator Grosart: Hear, hear.

Senator McElman: Honourable senators, were it not for the overwhelming good humour of the Italian people, one would have thrown up his hands long ago over the political, economic and monetary instability of Italy and its governments. The

recent national elections there have necessitated the inclusion of some democratically-elected communists in the government. How, in the name of common sense, can communists be accepted in the inner councils of NATO, an organization whose basic reason for existence is the formulation and execution of plans to counteract the communist bloc threat, militarily, economically, politically and philosophically? Thus far the Italian government has been able to keep communist members out of sensitive cabinet portfolios and away from NATO meetings and involvement, but one may only conjecture as to how long such an arrangement can last.

At this point let me refer to a trend of thought which appears to be developing with a number of the elected representatives—again mostly the far left socialists—of the western European nations. The new truth is supposed to be that these communists in western Europe are somehow different from Soviet bloc communists. Supposedly, they have no ill designs against democracy and, reportedly, they have no affiliation or contact with the Comintern. They are really supposed to be quite nice fellows, and they are now being referred to by the rather tranquillizing name of "Euro-Communists."

Honourable senators, I suggest that you will be hearing that name "Euro-Communists" much more in the months and years immediately ahead, with accompanying soft-sell propaganda. As the pressure builds for acceptance of such people as collaborators with, rather than opponents of, democracy, we should continue to remind ourselves of the verified truth that, as a rose is a rose is a rose, so a communist is a communist is a communist. It is the purpose of the rose to contribute beauty and fragrance in this world. The purpose of the communist is to destroy and, in the words of the late Nikita Khrushchev, to bury democracy. A communist by any other name is not a rose.

I stated a moment ago that the NATO conglomerate is made up of some strange component parts. But, strangely enough, it still holds together and it still works. It is those same 15 nations which send official delegates to the meetings of the North Atlantic Assembly. On November 20, the day following the adjournment of the Assembly in Williamsburg, the Washington *Star* published a short item which included the following comment:

> No one is entirely too sure just what the assembly does—which is all right with the assembly.

Honourable senators, that view may be more widely held than one might appreciate. We should remind ourselves of the purpose in the founding of the Assembly as it was established by such distinguished people as Wishart Robertson.

Permit me to quote Mr. Knud Damgaard of Norway, a former president of the Assembly. In 1974 he spoke of the role of the Assembly in these words:

> That role is clearly to enhance the credibility of the Alliance as not merely a group of countries intent solely on military and defence co-operation, but also—and this aspect is becoming more important every day—as a permanent mechanism whereby parliamentarians can consult and act jointly in economic, political, scientific and related fields. An Assembly of elected representatives from member countries is essential to help the Alliance bring its policies closer to the awareness and understanding of its peoples. Without this element of public knowledge and acceptance, the defensive capabilities of the Alliance, as well as its efforts to achieve a lasting peace through detente, could be seriously weakened.

And then, from a publication of the Assembly:

> The Assembly plays an important role in acting as a forum through which NATO policies and activities can be discussed in detail by Alliance parliamentarians.
>
> It also acts, more specifically, as a medium for disseminating precise military information about NATO's defence and strategic aims. The highest military authorities of the Alliance regularly address the Assembly at plenary sessions and in committee meetings.

Among the distinguished leaders who addressed the delegates at this meeting of the Assembly were His Excellency, Mr. J. M. A. H. Luns, Secretary General of NATO and Chairman of the North Atlantic Council, the Honourable Nelson D. Rockefeller, Vice-President of the United States, Admiral I. C. Kidd, Jr., Supreme Allied Commander Atlantic (NATO), and Dr. Henry Kissinger, the notable and outgoing Secretary of State of the United States.

Speaking only for myself, honourable senators, the experience of attending Assembly meetings, talking with delegates of varying political persuasion from the other member nations, and becoming privy to the fountain of information given by distinguished and knowledgeable speakers at both committee and plenary sessions, has brought to me, as a parliamentarian, a sense of renewed awareness of the essential purpose of NATO and has won my unqualified support for that alliance.

In accordance with the purposes of the Assembly the Canadian delegation, shortly after its return to Ottawa, met with the Minister of National Defence, the Honourable Barney Danson, and the Secretary of State for External Affairs, the Honourable Don Jamieson, to apprise them and the government of the discussions and conclusions which were reached by the Assembly and its committees. It is further in accordance with the purposes of the Assembly that our Parliament should be reminded periodically of the essential role that NATO plays in the maintenance of peace through preparedness. Thus this debate.

The report and appendices of the Economic Committee of the Assembly this year ran to some 50 single-spaced typewritten pages, and covered the whole spectrum of world economic problems and developments. I shall refer briefly to only a few.

There appears to be a commonly held view that the worst of the latest recession is now behind us. Although some member nations are recovering much more slowly than others, there is a general air of optimism for 1977. Against this more optimistic viewpoint, however, is the somewhat pessimistic forecast published last month by the OECD. It predicts that economic

growth will be at the scaled-down rate of 4.3 per cent during the first six months of 1977, and that it will drop still further to only 3.8 per cent in the last half of the year. Even these forecasts could be reduced if the OPEC countries, which are meeting this week in Qatar—I believe tomorrow—should decide upon an increase of greater than 10 per cent in the price of oil exports.

● (1510)

Understandably, energy, oil prices and the security of the supply of oil were prominent in the discussions. In response to continuing price increases for oil, France has adopted a policy of freezing its national annual total cost of oil imports, irrespective of price increases. In other words, while the price may increase, the quantity of imported oil will diminish accordingly. This policy is serving the dual purpose of stemming the outflow of French currency during this difficult economic period and, at the same time, encouraging serious conservation measures in energy consumption. France is endeavouring to convince her partners in the European Community to adopt the same policy. In the short-run, at least, this policy would appear to be constructive, and may sound a cautionary note to the OPEC leaders. It is to be hoped that the more moderate OPEC nations, such as Saudi Arabia, will be strengthened in holding the increase to a reasonably acceptable level.

Related to the price of oil is the continuing proposition by some for the establishment of floor prices for other raw materials, referred to as "minimum safeguard prices." This would require that no nation would resell designated raw materials at less than the established minimum safeguard price. Delegates from the United Kingdom argued strongly for a minimum safeguard price of $7 per barrel for oil itself. This is the approximate exploration-production cost of their North Sea oil. They stressed their need for such an accepted floor price to assist in financing the continuing development of their oil reserves. This proposal received little support. The whole proposition of floor prices for designated raw materials was shot down as being incompatible with freer trade and free enterprise, and a further cause of friction between First World and Third World nations. The establishment of numerous new price cartels to offset the effects of the aggravating oil price cartel is not an acceptable solution.

Before leaving the reference to oil and OPEC, it should be noted that OPEC's surplus is rising again, and that petrodollars are playing a major role in the world economy. It is estimated that 30 to 40 per cent of the surplus is invested as deposits in foreign currencies, with all of the unsettling ramifications that presents. Of all the OPEC countries, Saudi Arabia has shown, thus far, a high degree of constructive responsibility in the handling of its new financial power. It must be noted, however, that during the rapid slide of the British pound there was reportedly a large sell-off of sterling by some members of OPEC, which added immeasurably to the crisis.

Although West-East trade has not yet reached any substantial level relative to total world trade, there is a growing concern that care must be taken by the West in the further development of such trade. The view was expressed that, as the West provides the USSR with cereals and technology on long-term credit, Russia can release manpower and resources to increase the speed of her already rapid build-up of conventional arms and forces. At the same time, Western Europe has been increasing her importation from the East of raw materials and energy. This trend is causing serious concern to those who fear too great a dependency on these sources and the future possibility of political blackmail.

There is a growing awareness that western nations must define and co-ordinate their economic policies in accordance with their own long-term interests, vis-à-vis the Soviet bloc. This view is held by many, who also believe that the Soviet bloc nations are already waging economic war against the West, that the massive build-up of conventional arms and forces in the East is designed, not as a shooting war plan, but with the purpose of forcing tremendous military expenditures upon western nations during a period of economic stress. The end result of that scenario would be economic disarray within the western nations, with consequent take-over, in ideological terms, by the communist bloc in a piecemeal, peaceful fashion, without the necessity for a shooting war.

Other serious discussions within the Economic Committee included new ground rules for multi-national corporations; the International Monetary Fund, of course; floating exchange rates versus fixed but adjustable rates, with the usual strong differences of view; the new north-south dialogue between the EEC and the developing nations of Africa and the Middle East; the "new world economic order"; and aid programs as proposed by the Group of 77.

There was also intense interest, expressed in private conversations, in the election of Le Parti Québécois in the Quebec elections that occurred while we were in Williamsburg. Some delegates from European nations appeared to believe this meant the immediate break-up of Canada, but Canadian delegates were careful to explain that this was not the case. Some delegates expressed concern over the proposed take-over of the potash industry in Saskatchewan as a sign of developing instability in this nation for secure foreign investment.

Honourable senators, all of these subjects could be discussed at length, but I have wearied you long enough with this report. Let me conclude by saying that it is largely through NATO that peace has been maintained in Western Europe, that powder keg of history, since World War II. Continuing peace, or at least the absence of war, in that part of the world will depend upon the will and the resolve of member nations to keep NATO strong. December 7 last week was the thirty-fifth anniversary of Pearl Harbour, a reminder that the nations of the Western World must remain prepared and alert.

In a recently published interview, His Royal Highness, the Duke of Edinburgh, said:

> If you would keep the peace . . . prepare for war.

Honourable senators, Canada, the Canadian Parliament and the Canadian people must continue to give strong and effective support to NATO as our shield against aggression in the cause of peace.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 15, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Law Reform Commission of Canada for the year ended May 31, 1976, pursuant to section 18 of the Law Reform Commission Act, Chapter 23 (1st Supplement), R.S.C., 1970.

Report of the Director of Investigation and Research, Combines Investigation Act, for the fiscal year ended March 31, 1976, pursuant to section 49 of the said Act, Chapter C-23, R.S.C., 1970.

THE HONOURABLE JEAN-PIERRE CÔTÉ, P.C.
THE HONOURABLE A. HAMILTON McDONALD

Senator Perrault: Honourable senators, may I take this opportunity to welcome Senator Côté back to the chamber. He has been in hospital but is now restored to his usual buoyant good health.

Hon. Senators: Hear, hear.

Senator Perrault: We are pleased to see him back.

Honourable senators, I have had a further report about the condition of one of our other colleagues, Senator McDonald.

An Hon. Senator: Which one?

Senator Perrault: Senator A. H. McDonald. We have one Macdonald here who is in excellent health, but the government supporter McDonald, as honourable senators are aware, last week underwent surgery on his back. He is immobilized in the National Defence Medical Centre Hospital. He is still in some pain, but I understand that he is making good progress.

AGRICULTURE

AUTHORIZATION TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Thursday, December 16, 1976, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is there unanimous consent, honourable senators?

Senator Flynn: Is it for "beefing" purposes?

Hon. Senators: Agreed.

Motion agreed to.

CANADA-UNITED STATES RELATIONS

DIVERSION OF WATER FROM LAKE MICHIGAN—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Government a question about the diversion of water from Lake Michigan through the Chicago drainage canal into the Mississippi system, which is an issue in Canada-United States relations which has existed for some 70 years now.

The leader is no doubt aware that in the final session of the last Congress a bill was passed authorizing officials in the State of Illinois to divert waters at their discretion. Has the Canadian government made representations to the United States government in terms of that domestic United States law and its operation, and does our government apprehend any serious effect downstream on Canadian navigation as a result of higher than ever levels of diversion into the Mississippi system?

Senator Perrault: Honourable senators, because of the technical and detailed nature of the question, I shall take it as notice.

Senator Flynn: Of course.

PRIVATE BILL

BELL CANADA—THIRD READING

Senator Deschatelets moved the third reading of Bill S-2, respecting Bell Canada.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 5, 1976

THIRD READING

Senator Langlois moved the third reading of Bill C-28, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

• (1410)

He said: Honourable senators, before the question for third reading is put, I should like to give the usual assurance that the passing of this bill will not in any way preclude the estimates covered by it from being inquired into, or even studied further in committee.

Senator Flynn: I thought they had been considered in committee. Do you mean the report?

Senator Langlois: Further discussion can be held on all items in this bill.

Senator Flynn: You mean the items in the estimates, do you not?

Senator Langlois: I mean the items themselves. There is nothing to prevent any member of this house from asking questions about these items, or from having them referred back to the National Finance Committee, if he wishes, for further study.

Senator Flynn: Would that be useful?

Senator Langlois: It could be. For some time we have been studying departmental estimates a year after the money has been spent. It is in the public interest.

Senator Perrault: It is a matter of having everything on the record.

Senator Flynn: And what were the results of studying estimates a year after they had been passed and the money spent?

Senator Croll: It is nice to talk about it, anyway.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received the following communication from the administrative secretary to His Excellency the Governor General, which reads as follows—

Senator Langlois: Dispense.

The Hon. the Speaker: Shall I dispense with reading it in French also?

Senator Flynn: What is it?

The Hon. the Speaker: It says that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 15th day of December, at 5.45 p.m., for the purpose of giving royal assent to a bill.

Senator Flynn: Honourable senators, it is very important that we know what is going on. After all, it appears that we are going to have royal assent this evening to the bill we just passed 30 seconds ago. I should like to compliment the government on its channels of communications. They are very, very quick indeed.

Senator Perrault: It is known as foresight.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—DEBATE CONTINUED

The Senate resumed from Thursday, December 9, the debate on the motion of Senator McGrand:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;
>
> That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and
>
> That the committee have power to sit during adjournments of the Senate.

[*Translation*]

Hon. Martial Asselin: Honourable senators, last year Senator McGrand proposed to the Senate a motion nearly similar to this one, except that Senator McGrand asked that his motion be studied by a special Senate committee. This year, Senator McGrand has amended his motion and is asking for the Senate Committee on Health, Welfare, and Science to be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders, and so on.

I think it is normal for a member of the official opposition to take part in this debate. Of course, the motion proposed by Senator McGrand deserves some attention in our opinion since it concerns a serious social problem which causes among Canadians increasing anxiety about violence. However, as a member of the official opposition, I tried to make an in-depth study of these questions. But as I am not an expert on the subject, I consulted authors who have touched on this matter. I also enlisted the help of the parliamentary library researchers, who were of great assistance in preparing the few comments that I would like to submit to you.

In my opinion, the whole problem submitted by Senator McGrand can be summarized as the problem of violence and crime that we have faced in our society, especially in the last ten years. Every day, every newspaper and every radio or television news bulletin mentions acts of violence committed in Canada or elsewhere. Whether they be wars, guerilla actions, acts of terrorism, murders, thefts, rapes, or other crimes that we hear about, this violence, as we all know, is deplored by the responsible members of our society.

Honourable senators, because of rising violence in our society, some say that like all animals in the universe, man is born with an innate and instinctive violence, which has given rise to the saying that "Man is a wolf for man". However, scientific studies conducted by various ethologists, anthropologists and sociologists over a period of several decades have clearly shown

that the saying I have just quoted—"Man is a wolf for man"—is quite unfounded.

Indeed, not only is man not violent by himself, but the animals themselves, with a few exceptions, detest crime. Moreover, experiments have shown that the behaviour of animals is very different if they live in society with man. On the one hand, fights are strictly symbolical and rarely cause the death of the loser. Fights are limited to intimidating manoeuvers which are more spectacular than dangerous. On the other hand, the moment a new motive appears as the determination of social rank among a pack of wolves, as you know there is a fight, but it does not end in the death of the loser—he either submits or departs. There are those who will say that the behaviour of wolves has no parallel in human beings and that man is the only social animal whose nature is essentially and fundamentally violent.

Although it is impossible to study all societies which have existed in the past, since some of them have already disappeared, the work of anthropologist Margaret Mead shows that the Arapesh tribe of New Guinea manifests an extreme sensitivity and a complete ignorance of aggressive behaviour while the Mundugumor tribe, living some 200 miles away, are rather aggressive, hateful and selfish.

Confronted by these two types of individuals, that is those whose behaviour does not reflect violence or aggressiveness and those who show the opposite characteristics, we ask ourselves why, in one given society, the behaviour is aggressive and violent whereas it is rather peaceful and non violent in another. Moreover, why should certain individuals in our society be or become violent when others are peaceful?

This line of thought brings us to consider three factors which I believe are at the root of criminal or violent behaviour.

Since I shall be restricting this enumeration to social factors only, I will let experts such as Senator McGrand and others who have studied genetics present the results of their biological studies.

A first factor would be the stress imposed on a pregnant woman, as we have seen in so many cases, and the occurrences which could affect the normal development of the foetus. Indeed, experiments conducted on laboratory animals show that there can be behavioural defects in the progeny of a female who has been subjected to stress while pregnant.

On that subject I would suggest you read "The Modern Perspective in International Child Psychiatry" by J. G. Howells, a book published in 1971 in New York, where a demonstration of this can be found.

Also, there is evidence that children were born from women having suffered from psychological stress while pregnant. In the first instance, the shock was caused by the pregnant woman witnessing an accident where a child was crushed by an automobile.

I myself witnessed such an occurrence. The wife of a friend sitting on her balcony saw an automobile run over her child in the street. She became insane and is still very much affected. I believe it was enough for the pregnant woman, seeing her child killed in a car accident, to be mentally affected for the rest of her life. In a second case, an expectant mother learnt that her husband had been injured. In a third case, a pregnant mother had to flee her country for political reasons. That theory is to be found in J. G. Howells' book I was referring to.

It should be noted that the studies I have just mentioned do not prove a necessary link between the shock and the birth of an abnormal child. Simply, scientists came to that conclusion because there were no other possible explanations.

A second factor would be the lack of social relationships and especially normal family relationships during adolescence, because of poor families, broken-down marriages, parents that barely bear one another, consumer society couples that get together then separate.

● (1420)

Because the family with its well-established father and mother relationship and its naming system is the only social structure that all men know from birth, this shows how important it can be on any individual's behaviour. A survey among prisoners in the Cowansville institution indicated 87 percent had experienced a significant lack of social or family relationships while young. This study appeared in *La Gazette Pénitentiaire,* a Cowansville inmate publication, of October 1976, volume 2, page 12.

A third factor would be the loneliness found in large cities. The crowding of human beings in large urban centres is mainly responsible for the blurring of visual and physical contacts caused by speed and an ever-increasing number of superimposed faces. City dwellers are therefore forced to live anonymously and inhibit every feeling for people. Subject to loneliness or being deprived of physical and social relationships, man, like any other mature mammal, suffers serious deficiencies as regards his social, emotional and intellectual adjustment. This phenomenon was demonstrated among male animals in which a lack of social relationship resulted in aggressiveness, whereas among the female group a mainly bio-chemical change took place together with higher sensitivity to some pharmaceutical substances. It has thus been shown that monkeys which have been severed from their social environment—that is to say, isolated—tend to become depressive, to retire within themselves and behave in an antisocial way when they are back among their fellow-monkeys. When brought up in a poor environment female monkeys become callous and take no interest in their offspring.

As far as man is concerned, many experts have demonstrated how the lack of physical and emotional relationship disrupts the communication of sensorial messages that are coordinated by his brain. The first effect is that there is a sharp decrease in the use of D-Glucose by the system which results in increased renewed aggressiveness and of course hypersensitiveness of the nervous system. A second effect is the depressive state which first appears as a reaction which seems to be the opposite of aggressiveness but which actually stems from the same deficiency.

If isolation or anonymity is a serious reason for aggressiveness and a depressive state, what about our present penal system which is seriously deficient as regards normal social relationship? Although it is impossible at present to get rid of the prison system, some recommendations in this regard are made in the brief of a task force on the role of private services operating in the field of criminal justice, which is entitled "La Criminalité: responsabilité communautaire". I think honourable senators received recently this very interesting report, prepared by a group of criminologists, which makes recommendations to the government regarding isolation in our penitentiaries. The recommendations made by the task force read as follows:

First, according to them, we should ensure the operation of half-way homes for the benefit of offenders and former offenders. In addition, we should encourage the community to follow a new and innovating approach to help offenders get reinstated in society.

Second, it would be necessary, through a post-imprisonment action, to help create a warm community environment for former offenders to ease their rehabilitation.

If the Senate should decide to refer this matter to the Senate Committee on Health, Welfare and Science, what should this committee do about this research? In my opinion, it should get back to the discussion of tensions which a pregnant woman undergoes because this is, of course, the purpose of Senator McGrand's motion, and the events which would affect the normal growth of the foetus.

In addition, it would be proper to consider the second and third factors mentioned earlier and see whether experts found some relation between those two factors and violent and criminal behaviour.

Finally, if no research has been done about the last two factors, loss of social contacts and isolation or loneliness, or even other factors, the committee could recommend that the government fund the research in that area because of the costs involved. Furthermore, an association of the public and private sectors should be set up to keep some objectivity in the research. That way, the government would be responsible for certain aspects of the research, such as the collection of statistics, while universities and other private research centres would be responsible for the other aspects.

The government should recognize the need for independent research facilities and take part in their financing since financing through grants to particular enterprises is uncertain. As to the support of research by the government, it should take the form of a commitment. It is hard to suggest a specific amount but an amount of one per cent of all expenditures involved in criminal justice would be in line with the recommendations expressed in other endeavours.

Finally, in order to help establish an association of the public and private sectors and maintain the objectivity of research on criminal justice, the government should approve the creation of an advisory committee on research including representatives of the private sectors and organizations.

I am not empowered on behalf of the official opposition to say that we agree to refer this motion to the Senate Committee on Health, Welfare and Science. As I said in my findings, I wonder whether this committee really has the means to consider thoroughly the purposes of a motion such as that submitted by Senator McGrand. Obviously, if the Senate were to decide not to refer this matter to the Senate Committee on Health, Welfare and Science, I think we might endorse the recommendations I just made in conclusion; that is to say, urge the government to make grants for research purposes to independent and qualified groups which could thoroughly consider the matter raised by the senator and, by doing so, contribute, in my opinion, to a reduction of the violence and criminality which now plague our society.

[*English*]

• (1430)

On motion of Senator Deschatelets, debate adjourned.

TRANSPORTATION

EFFECT ON DIFFERENT REGIONS OF CANADA—MOTION TO REFER SUBJECT MATTER TO TRANSPORT AND COMMUNICATIONS COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bonnell seconded by the Honourable Senator Norrie, that the subject matter of the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to transportation in Canada, whether by land, by air or by sea, especially as it affects the different regions of Canada be referred to the Standing Senate Committee on Transport and Communications.—(*Honourable Senator Langlois*).

Senator Langlois: Honourable senators, I am pleased to yield to Senator Bell.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. A. E. Haddon Bell: Thank you, Senator Langlois.

Honourable senators, I should like to take this opportunity, first of all, to welcome our new senator. Senator Marchand is best described by three Vs—volatile, vocal and vital and an undoubted patriot. Bienvenue et félicitations.

I should also like to welcome Senator Steuart who adds to the Saskatchewan representation here a very welcome and well-known background in areas that we are concerned with. We also welcome him as one of our 24 plus one—because we have the Yukon senator—from the west. I think that we sometimes overlook the fact that our institution is set up in such a way that there are 24 western senators, 24 from Ontario, 24 from Quebec and 24 from the maritimes. This was to be the balance no matter how the population should develop. Now we have 24 plus six from the Atlantic provinces, and 24 plus one from the western provinces. So, welcome Senator Steuart.

I rise today to support Senator Bonnell's motion that we refer the subject of transportation in Canada to the Standing Senate Committee on Transport and Communications, and I concur in his opinion that transportation is one of the most important issues in Canada today, that it constitutes a common bond making for stronger national unity if a proper and equitable transportation policy can be implemented.

Senator Bonnell also stated in his speech on December 8 that the Senate must become actively involved in protecting regional rights in this country, and consequently the subject matter of the inquiry should be referred to our standing committee. There are three aspects of transport which should receive our immediate attention. The first is in the context of national policy; the second is how this policy could be developed to serve best the national interest; and the third is the long range probabilities in transport development, and the strategic role of transport technology.

If we did such a study I think we would overcome the problem of being blind-sided by some piecemeal legislation, because we would have a broader background upon which to make our decisions. As an example of this I would point out that last spring I was most alarmed with the implications of a proposed measure, Bill C-61, which would have confined shipping between Canadian ports to Canadian vessels without due regard to the impact on the various sections of our economy. An example of that would be the forest industry shipments from British Columbia to ports in eastern Canada. This would undoubtedly have raised the price of forest products at a time when the whole industry in Canada is in difficult straits. It would have also removed the competitive edge which Canada enjoys at the moment in respect of shipping to American ports.

Another example of the difficulties that could have hit other parts of the economy if the shipping bill had been enacted would be the removal of the threat of competition to rail transport. In other words, this possibility of shipping more cheaply by water does hold the rail freight rates down. There are other examples such as this, but that is one I wanted to bring to your attention because like the phoenix it may rise again.

● (1440)

On December 7, Paul St. Pierre, the former member of Parliament for Coast-Chilcotin, and a well-known columnist in British Columbia, wrote in the Vancouver *Sun:*

> Transport, a sluggish monster, ostensibly controlling everything from multi-million dollar airports to 18-foot pleasure boat floats, should become two, if not three, ministries.

While chatting with several of my colleagues from the other place a week or two ago, I heard one, pointing his finger at the other, say, "You should be minister of transport," and the other respond plaintively, "Why do you hate me?"

It seems to me that the expertise one of our former ministers of transport, who is now with us in this chamber, could lend to such an inquiry—informing us as to some of the difficulties faced by, and the background of, this sluggish, unwieldy monster that the Department of Transport is, according to Paul St. Pierre—would be most helpful. There are many transportation problems which need solution. They will continue to be considered on an ad hoc basis until we ask ourselves this question, and answer it: Is transportation a component of national development, a tool to be used for economic growth, social development and political unification; or is transportation to be considered in isolation in a narrow boundary of direct cost benefit?

I notice that the new annual report of the Department of Transport has just come out, and when we consider the recommendations in it, and the framework of the introduction to it, it seems that it is doing all of the things that we would want to have done. That, then, is something we should look into, in order to see how the actual implementation is being carried out.

Transportation was a condition of Confederation for most provinces. For example, the first Canadian transcontinental railway was built in fulfilment of a promise to British Columbia for joining the Dominion in 1871. Transportation today is still a real, vital force in our union.

Last April, when Senator Bonnell brought to our attention the transportation problems facing the Atlantic provinces, several honourable senators took part in the debate and added a great deal to the fund of knowledge on that question. Senators Phillips, Rowe, Duggan, Macdonald, Forsey, and McDonald all contributed to that debate, and Senator Forsey formally moved, seconded by Senator Norrie, that the subject be referred to the Standing Senate Committee on Transport and Communications.

In this new session of Parliament we can no longer put off coming to grips with Canada's transportation policy. Something that we sometimes forget, but which is a basic part of our country's makeup, is that we are a trading nation with a resource-based economy. We harvest our resources and we have to move them somewhere. Whether they be animal, vegetable or mineral, our resources have no value until they are developed and moved to the users. Besides the obvious economic considerations implicit in that, there are important social considerations which will be much more difficult to evaluate in terms of dollars and cents, but I think our committee should try.

Sections 91 and 92 of the British North America Act, relating to transportation, specifically give the provinces jurisdiction over intraprovincial transportation. However, there are certain exceptions enumerated which give to the Dominion government jurisdiction within a province, including works which it declares to be for the general advantage of Canada or two or more provinces.

If I may make an aside with respect to British Columbia's joining Confederation, section 4 of the schedule to the Order in Council provides for the Dominion government's maintaining a maritime link between Victoria and San Francisco fortnightly, and maintaining a twice-a-week ferry service be-

tween Olympia, in the state of Washington, and Victoria. I should point out that the ships were to carry mail, freight and passengers. We have not held the federal government to that promise, but today British Columbia does have a large provincially-owned ferry system, the construction of which was 60 per cent financed by the federal government. It is not federally subsidized, however.

Senator Bonnell, on the other hand, brought out an important point in his speech on the necessity for an equitable national transportation system, and with regard to that I must point out that the British Columbia ferry system is subsidized only by the people of British Columbia. It is not a money-making proposition.

With respect to an equitable transportation system, Norman Hacking wrote just recently, in the business section of the Vancouver *Province*, that the forecast of federal expenditures for ferry subsidies on the east coast for 1976-77 is $107,820,000, which is pretty close to a subsidy of $108 million. On the other hand, the estimated expenditure for subsidizing shipping on the west coast is only $2,450,000. That federal subsidy goes toward developments on the northwestern coast of British Columbia, and to various other transportation efforts that do need it. But there is quite a difference, quite a discrepancy.

Another thing which interested me was that the East Coast Marine and Ferry Service, which, I gather, is a crown corporation operating and running the ferry system in the Atlantic area, does not pay any sales tax on fuel or other items like that. It does not pay Board of Steamship Inspection fees. In contrast to that, the federal sales tax payments alone cost the British Columbia ferry system more than $1 million last year. This disparity should be looked into by our committee. Is this good for our national transportation policy?

On November 2 Senator Austin asked the Leader of the Government four important questions regarding the abrupt withdrawal by the Department of Transport of subsidies from the British Columbia coast—subsidies which have been relied upon for a long time. The Leader of the Government responded at length on November 18, and gave us a clear picture of the situation as it existed then. However, it is obvious, as the Minister of Transport has in fact admitted, that the federal transportation policy with respect to western British Columbia leaves something to be desired.

Inscribed on the inside of my bracelet are these words:

> Silentum in Senatu est vitium.

I think freely translated that means:

> To keep silent in the Senate is reprehensible.

With that in mind, I feel I cannot keep silent about the disastrous bungle which has been made of west coast transportation.

● (1450)

I have had a map distributed to honourable senators. One can see on it the number of inlets, rivers, ports, and islands which must be served between Alaska and the State of Washington. It is an extremely difficult problem even from an administrative point of view to provide an adequate transportation system in that area. As of the end of this month, two-thirds of British Columbia's coastal communities will be without suitable passenger and freight service. Their transportation lifeline will be removed. Deliveries of mail and household and commercial supplies will be left to the vagaries of weather and equipment. Illness and accident victims will have to rely on often unscheduled air transport, and this is in communities where, at this time of year, the flying time is limited to eight hours or less a day. The aircraft servicing these communities must fly by visual flight rules. Even the scheduled service which serves the Queen Charlotte Islands finds it difficult to maintain its service because of fog, gales, and so forth.

Port Stewart and the Portland Canal are on the left-hand side of the map; then there is Masset at the north end of the Queen Charlotte Islands, Rivers Inlet on the mainland and, north of Rivers Inlet, Ocean Falls. These are the communities which will suffer the most as a result of the abandonment of the federal government subsidy to the ferry and freight transportation system on the west coast.

The problem is that there is no adequate alternate plan. The main shipping transport now between Prince Rupert on the mainland and Masset at the north end of the Queen Charlotte Islands is the *Malibu Princess*, a vessel leased by a tug and barge company, which felt it could take over this operation without a subsidy. The *Malibu Princess* used to be known as the "carol" ship. It made its way around Vancouver harbour during the Christmas season carrying different choirs. I am confident that it will not remain in service too long. It does not have the capacity to transport cars or trucks. The result is that anyone wanting to travel between the mainland and the Queen Charlotte Islands must do so by Pacific Western Airlines and then wait a day or two for his car or truck to be transported by barge. The result is that in addition to the higher cost of travelling by air, one must then incur the cost of hotel accommodation while awaiting the arrival of one's car. It is a very unsatisfactory situation. But that is not the worst of it. I should like to quote an officer who had charge of the *Malibu Princess* for four years, a man who is thoroughly familiar with Hecate Strait, which is where the *Malibu Princess* is being utilized. He said:

> The vessel was specifically designed to carry young people to a summer camp on the most sheltered waters of Georgia Strait. She was never intended to cope with anything but the mildest weather conditions.
>
> Hecate Strait is one of the most vicious and unpredictable areas of water around our coast.

He ended his remarks by saying:

> . . . this statement is made from a very real concern for the inability of the *Malibu Princess* to provide either comfort or convenience to our northern residents; and a very grave concern for their safety.

Why do we find ourselves in this position in British Columbia? According to the British North America Act, transportation is a provincial concern. The federal government has subsidized this northern freight shipping service with

several steamship freighters. In addition, there was another shipping service, unsubsidized, south of Masset, which ran between Rivers Inlet and Ocean Falls and to Howe Sound, serving about 5,000 people in 100 different communities, and it served those people very well for 22 years, despite not having sufficient funds to cope with high costs or competition from subsidized outfits. It applied for subsidy but was refused after eight months of waiting, and as a result it will have to go out of business. That is another reason why we are faced with so many frightful transportation difficulties on the west coast. I should like to add that the situation, because of some very hard work on the part of four cabinet ministers and the entire B.C. Liberal caucus, has been rectified somewhat.

But that is not good enough for a national transportation policy, which is why I bring it to the attention of the Senate now. It is alarming that three years of consultation had gone on, as the Leader of the Government reported to the Senate on November 18 last, and yet none of the affected members of Parliament had been consulted, none of the provincial MLAs had been consulted, and none of the town councillors. Where was the consultation? It must have been departmental officials talking to each other. The residents of British Columbia's coastal communities are not at all interested in which government is responsible. They are completely exasperated and dismayed with the situation. But until a rational transportation system is worked out, let them at least continue to hear the friendly whistle of a safe ship.

We should regard our oceans and our navigable waters as maintenance-free highways of commerce, and not as something that blocks us from development. Let us learn to use our navigable waters and oceans more effectively.

There are many other problems which we will have to consider in studying a national transportation policy. I should like to just briefly enumerate some of them. One of the world's best airlines, Canadian Pacific Airlines, with its head office in British Columbia, has been boxed into a "heads I win, tails you lose" situation with regard to international and domestic air routes. Apparently there is a lack of comprehension about competition in the field of transportation. Is competition domestic, or is competition in Canada competing with the rest of the world?

Another aspect of transportation is strikes, which is something Senator Buckwold raised when he spoke to us regarding the Finkleman report. We should be reminded by Senator Buckwold's remarks of the number of times we have had to legislate an end to strikes in the field of transportation. We are also faced with the disastrous results of illegal strikes. As was evident from the illegal airport firemen's strike some time ago, there is apparently no remedy in law for the innocent third party in such an illegal strike. All these areas should be of concern to the committee in considering a transportation policy.

● (1500)

The abandonment of passenger and freight service by railways is in need of our immediate attention. It is receiving everybody else's attention so it had better receive ours. We must consider also the problems created by turning scarce agricultural land into bands of concrete for highways and runways.

And what are the transportation needs of ranchers and farmers with relation to problems of getting their produce to market and obtaining their feed, fertilizer and machinery? The productive, self-reliant, industrious people in remote areas such as British Columbia's northwest coast, which we have just been discussing—the Cariboo, Peace River and the Chilcotin—pay taxes as do city dwellers. They ask for very little. Surely it is common sense to see that they are supplied with transportation and communications. If they are not, what is the alternative? Should they give up and crowd into the cities to join the faceless, depressed and hopeless throng?

The Prime Minister has said, "Poverty is to be without hope." Shall we sentence these rugged, independent Canadians to that type of poverty for lack of a rational transportation system? These pioneers are few in number, and do not represent huge voting blocs; nevertheless, they are the people whom the Senate has been specifically charged to represent. I can think of no other comparable forum where their transportation problems can be aired. Let us not avoid this responsibility.

I support the motion of Senator Bonnell.

On motion of Senator Petten, debate adjourned.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker:

The Honourable James Jerome, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 16, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

LIBRARY OF PARLIAMENT

REPORT OF LIBRARIAN TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Parliamentary Librarian for the fiscal year 1975-76.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Atmospheric Science Bulletin number 4/76, dated November 5, 1976, respecting a report by the AES Advisory Committee on Stratospheric Pollution, issued by the Department of the Environment.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. Nordair Limited and the group of its 4 Dispatchers and 2 Assistant Dispatchers, as represented by The Canadian Airline Dispatchers' Association. Order dated December 13, 1976.

2. Catalytic Enterprises Limited, Sarnia, Ontario, and the Group of its long term maintenance employees which works at the refinery of Shell Canada Limited, Sarnia, Ontario. Order dated December 14, 1976.

3. Catalytic Enterprises Limited, Sarnia, Ontario, and the group of its long term maintenance employees which works at the refinery of Shell Canada Limited, Oakville, Ontario. Order dated December 14, 1976.

4. Catalytic Enterprises Limited, Sarnia, Ontario, and the group of its long term maintenance employees which works at the refinery of Sun Oil Company Ltd., Sarnia, Ontario. Order dated December 14, 1976.

5. Consolidated Maintenance Services Limited, Toronto, Ontario, and the group of its long term maintenance employees which works at the plant site of B. P. Refinery Canada Limited, Oakville, Ontario. Order dated December 14, 1976.

6. Consolidated Maintenance Services Limited, Toronto, Ontario, and the group of its long term maintenance employees which works at the plant site of Gulf Oil Canada Limited, Clarkson, Ontario. Order dated December 14, 1976.

Copies of Report of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, regarding the reference on London Life Insurance Company, London, Ontario, dated December 14, 1976. (*English Text*)

LIBRARY OF PARLIAMENT

STANDING JOINT COMMITTEE—ADDITION TO COMMITTEE MEMBERSHIP

Senator Macdonald moved, with leave of the Senate and notwithstanding rule 45(1)(i):

That the name of the Honourable Senator Quart be added to the list of senators serving on the Standing Joint Committee on the Library of Parliament; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

BUSINESS OF THE SENATE

Senator Perrault: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, December 20, 1976, at 8 o'clock in the evening.

Honourable senators, before the question is put, may I, by way of explanation, state that after discussion with the distinguished Leader of the Opposition we have reached the decision that I should move that the Senate resume on Monday evening.

Bill C-19, the Government Expenditures Restraint Act, will pass the House of Commons before 6 p.m. today, and there is a possibility that Bill C-22, to amend the statute law relating to income tax, will be passed tomorrow by the other place. There are only indications of that, however; it may or may not be given approval in the other chamber by tomorrow. Consideration was given to having the Senate sit tomorrow or even this evening, but as travel plans have already been made by many senators, and in view of the difficulty in making changes at this time of year, it has been agreed that it would be better to sit on Monday evening to deal with the bills I have referred to.

As of this moment, no meetings of Senate committees have been scheduled for next week.

• (1410)

Senator McIlraith: Honourable senators, before the motion is put, I should like to raise a point and ask a question of the

Leader of the Government. He has said nothing about the possibility of the other place adjourning for the Christmas recess tomorrow. I wonder whether the question should be put now or whether it should be delayed until a little later this afternoon in case the House of Commons should adjourn for the Christmas recess tomorrow rather than next week.

Senator Flynn: Honourable senators, I think this matter should be dealt with after the question has been put. The motion could always be withdrawn or postponed. I don't mind speaking at this time, but according to proper procedure I think the question should be put before the Leader of the Government makes his statement. As far as I'm concerned, I would prefer that Madam Speaker put the question and then I shall have a few things to say about the matter.

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 45(1)(g), it is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Petten, that when the Senate adjourns today it do stand adjourned until Monday next, December 20, 1976, at 8 o'clock in the evening.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: Honourable senators, I think what Senator McIlraith has in mind is the possibility that the House of Commons might terminate its work tomorrow evening and then adjourn for the Christmas recess. The problem is that we are not too sure that that will happen. But even if it did, and if Bill C-19 and Bill C-22 did come to us tomorrow, in order to have the Senate complete its work at the same time as the House of Commons we would have to dispose of these bills in less than an hour. In view of these circumstances and because of the uncertainty involved, I think that the motion made by the Leader of the Government is the practical solution. I intensely dislike to see the Senate waiting around for bills that might be sent to us. The House of Commons can come back for royal assent next Tuesday or Wednesday when we have finished with the bills they will have sent us. In any event, since we shall not likely accomplish anything tomorrow, just to wait around would be simply incompatible with the dignity of the Senate and the respect we have for the processes commonly followed here. As has been indicated by the leader, many senators have made plans to be away tomorrow and they may not be able to stay. Therefore, I think the normal thing to do is to come back on Monday evening, whatever happens. I'm sure the House of Commons can send a corporal's guard, as they did last night, for any royal assent next week, even if they recess for all practical purposes tomorrow night. Therefore, in view of the circumstances, I think the motion is one that should be carried.

Senator Perrault: Honourable senators, may I respond to some of the statements which have been made. On the basis of information made available to me, and after discussion with the house leader in the other place, the odds do not favour the passage of Bill C-22 tomorrow. There is such a possibility, but that is all that can be said at the moment. Honourable senators in opposition here have indicated to me that they think the chances may be rather slim that it will be passed tomorrow. I agree with Senator Flynn that to have the Senate remain here to await the possible passage of Bill C-19 and Bill C-22 in the other place would really be an imposition so far as senators are concerned in their travel plans. It is difficult to obtain plane reservations at this particular time, and such uncertainty would not be conducive to the kind of careful consideration we like to give to the work placed before us. Moreover, we would be very much open to public criticism if we hurried through an important bill such as Bill C-22, despite the fact that it has been given considerable pre-study by honourable senators. We would be open to criticism as well if we rushed through Bill C-19, the government restraint bill, although most of the arguments have been assembled for the debate on that.

Therefore, I rather think we should look forward to royal assent on either Tuesday or Wednesday of next week. In that way we can give these bills the kind of consideration they deserve. In saying that, I hope honourable senators will feel able to support the motion I am placing before the chamber.

Senator McIlraith: Honourable senators, I should clear up an obvious misunderstanding on the part of the government leader. I was asking him a question as to whether or not, in formulating the motion he presented here, he had considered the possibility of the other place finishing its business on Friday of this week. I was not advocating that the Senate should stay here and attempt to finish its business tomorrow night. I was simply asking a question in order to obtain information.

Senator Perrault: Yes, that possibility is contemplated and that possibility was known before the motion was formulated.

Senator McIlraith: I am not advocating that we try to finish our business tomorrow.

Senator Perrault: I appreciate that clarification. There is the possibility that the House of Commons will adjourn for the recess tomorrow, but not a strong possibility as of information received five minutes ago.

Senator Flynn: Just to clarify the situation for the Senate, I understand that the government requires only the passage of Bill C-19 and Bill C-22 before the Christmas recess.

Senator Perrault: That is correct. There is no other business.

Senator Flynn: No other business being required of us, in the normal course we should be able to finish on either Tuesday or Wednesday, according to the circumstances.

Senator Perrault: That is correct.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

DOCUMENTARY PROGRAM—QUESTIONS

Senator Norrie: Honourable senators, there are several questions I wish to direct to the Leader of the Government concerning the expenses involved in the programming of the 40-minute documentary of *The Fifth Estate* on McCain Foods

of Florenceville, New Brunswick. My questions, which chiefly concern Miss Adrienne Clarkson and her army of assistants, are as follows:

1. What was the total cost of production of this *The Fifth Estate* film on McCain Foods?

2. What is the breakdown of costs, in dollar terms, of the use of film and cameras?

(a) How many hours were spent to make the video tape as shown?

(b) How many hours were spent to obtain the audio tape to produce this 40-minute documentary?

(c) How many feet of tape were taken but not used?

3. What was the total of personal expenses involved individually per day, including hotel, travel, meals and entertainment?

4. With respect to the salaries involved in the production of this program

(a) What was the total amount?

(b) What is the breakdown per person?

(c) For what period of time did each person work on the program?

5. How many people were interviewed in total for the show? Specifically,

(a) How many farmers were interviewed?

(b) How many employees of McCain Foods or associated or affiliated companies were interviewed?

6. With respect to the opening of the new McCain plant in England,

(a) How many employees of CBC went to England to see the opening?

(b) What was the total cost involved?

(c) What were the hotel expenses in total?

(d) What was the bus fare in total?

(e) What were the taxi fares in total?

7. Did all or any of the employees of CBC go first class by airplane?

● (1420)

Senator Flynn: I am quite sure that the Leader of the Government has the answer.

Senator Perrault: Honourable senators, I regret to say I do not have the information immediately available. However, I shall certainly take the question as notice and obtain the information at the earliest opportunity, if that information is available.

BRITISH COLUMBIA HOLLY

Senator Perrault: Honourable senators, may I take this opportunity to observe that British Columbia holly is being distributed to all honourable senators this afternoon. Some senators suggested that I endeavour to obtain mistletoe, but it was not available on the coast this year. I have asked for the holly to be distributed in the good spirit that has prevailed among us all during the past few months.

Hon. Senators: Hear, hear!

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—ORDER STANDS UNTIL LATER THIS DAY

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Norrie:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and

That the committee have power to sit during adjournments of the Senate.—(*Honourable Senator Deschatelets, P.C.*).

Senator Petten: I would ask that this order stand until later this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

TRANSPORTATION

EFFECT ON DIFFERENT REGIONS OF CANADA—MOTION TO REFER SUBJECT MATTER TO TRANSPORT AND COMMUNICATIONS COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bonnell seconded by the Honourable Senator Norrie, that the subject matter of the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to transportation in Canada, whether by land, by air or by sea, especially as it affects the different regions of Canada, be referred to the Standing Senate Committee on Transport and Communications.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to Senator Buckwold.

Hon. Sidney L. Buckwold: Honourable senators, when the question of transportation is raised in this house it is almost automatic that someone from Saskatchewan will immediately

rise and respond to the challenge of this very important subject.

Senator Flynn: Who else but Senator Buckwold should be first?

Senator Buckwold: But that is to be expected, since you have been waiting with bated breath for the words of wisdom that might come from this side. At this time of year I am not quite sure what bated breath is.

Honourable senators, I stand in some humility to talk on this subject when we have in our chamber a former distinguished Minister of Transport in the person of Senator Marchand, who I hope will in due course participate in this debate, a man who has become exceptionally knowledgeable on this very complex subject. I hope he will forgive me for any omissions I may make, but transportation is so important to my part of the country that I feel it necessary to comment on the motion moved by Senator Bonnell.

First, may I remind the house that Senator Bonnell rose to call "the attention of the Senate to transportation in Canada, whether by land, by air or by sea, especially as it affects the different regions of Canada," and he moved that the subject matter be referred to the Standing Senate Committee on Transport and Communications. I think the motion is to be commended, if only because of its motherhood aspect. If I were Chairman of the Standing Senate Committee on Transport and Communications I would find it difficult to know just how to handle an involved subject such as land, sea and air transportation in all parts of Canada.

Without in any way commenting on the advisability of the motion, I hope that before it is referred to the committee it will be refined in a practical way so that the committee can deal with it in a meaningful manner. I say this because for western Canada the number of studies of commissions and inquiries that have taken place during the last 50 years would number, I suppose, into the hundreds. We have had major commissions. One of the latest, back in 1959-60, was the MacPherson Commission, which produced very comprehensive documentation on grain costing procedures and established many of the basic costing principles that are incorporated in the Snavely report, which I will refer to in some detail during the course of my remarks.

Studies are now going on. There is the Hall inquiry into rail service in western Canada, which will involve passenger services as well as consideration of rail line abandonment; there are studies going on by the Canadian Transport Commission, which has a committee out looking at the whole question of rail service; and, as I have indicated, there has recently been tabled the first volume of the report of the commission on the costs of transporting grain by rail. I pass this on to honourable senators, although I am sure they are well aware of it. By the nature of the problem, the complexity of it is such that I am concerned about how a Senate committee, if this subject matter is referred to a Senate committee, will be able to handle the subject.

Why are western Canadians so involved in this subject? I suppose that we are nurtured on protesting rail rates. Because of the influence of the railroads, whether CPR or CNR, on our way of life, it is almost second nature that rail costs, transportation costs and rail services become a fundamental subject of discussion in my part of the country.

It is significant that on an average over 50 per cent of total inbound and outbound rail tonnages for Saskatchewan consists of statutory grain movements. Because of the relatively low revenues generated by moving statutory grain, it is common knowledge that the railways attempt to recoup their revenues by charging discriminatory freight rates on other general commodity movements. For example, due to the lack of restraining competitive forces, rail revenues per ton mile generated on the movements of certain consumer goods into Saskatchewan points range as high as 134 per cent in excess of the same movement to Vancouver, which benefits from the transcontinental rate. Also, average differentials on freight rates favouring Vancouver over Saskatchewan points range from 35 per cent to 50 per cent on iron and steel products, and 6 per cent to 18 per cent on foodstuffs. It is not incumbent on the average consumer and shipper in Saskatchewan to be burdened with excessive pricing of transportation to protect railway revenues.

We are all aware of the usual reference to illustrations of a carload of steel going from Hamilton through Saskatoon to Vancouver costing considerably less than if the shipment stopped halfway, at Saskatoon. These are the kinds of things that concern us.

In a statement by the Government of Saskatchewan on freight rates affecting that province, the following was said:

> If because, as has been stated before, the railways are recouping from other traffic movements, losses from hauling "Crow Rate" grain irrespective of cost, it is about time that the authorities examined the consequences of such policy from the view point of the right of Saskatchewan to develop her resources unimpeded from discrimination in freight rates, a matter over which the province has little direct control.

● (1430)

> It is the current policy of the federal government to maintain the "crow" level of rates for moving grain. If, as has been stated numerous times by the railways, revenues obtained from the movement of grain are not compensatory, any attempt to recover lost revenues from other commodity shipments affecting Saskatchewan is greatly impeding Saskatchewan's right to develop her other resources.
>
> It is common knowledge that the movement of western grain into world markets would cease if normal rates applied on the movement of grain to export position without provision of some form of direct subsidy. Canada now is competing in world grain markets with producers who are heavily subsidized directly by their respective governments. As the movement of western Canada grain

into world markets produces directly and indirectly such benefits as stimulation of domestic industry and assistance in the net balance of foreign payments, it behooves Saskatchewan that the western Canada grain producer should not be burdened with higher freight rates to achieve these ends. Whatever the solution is to the problem it also should not be incumbent upon the average consumer and shipper in Saskatchewan to be burdened with excessive pricing of transportation to protect railway revenues.

That is a sort of general overview of the problem. Crowsnest, of course, is a subject inviolate as regards its permanency to the average western Canadian. It is no modest task today to get into the philosophy of Crowsnest and whether it might be better for western Canadians to release the railways from this particular commitment and find other ways of compensating farmers for the loss of revenue resulting from higher freight rates, and through direct subsidies, enable western Canada, and the prairie region especially, to develop its secondary industry. Western Canada today is paying the price for Crowsnest. There is no doubt about that. But, as I say, to change it is almost like amending the Ten Commandments. We are paying the price because it is much more economic to ship raw materials from those areas in the prairies than produce them and have the secondary process take place in other parts of the country.

One of these days the whole subject will have to be carefully reviewed in an objective way.

I am not in any way suggesting that the farmer should be out of pocket, but the country as a whole may have to find another way to subsidize railways in order to maintain a proper branch line service—standards are deteriorating rapidly—and balance the books so that farmers will not be out of pocket. That part of the country must be able to develop its natural industries. For that reason, as part of the whole process of finding out what the railways were losing on Crowsnest, the Government of Canada appointed a commission on the cost of transporting grain by rail.

Perhaps I may be allowed to comment on the report. I don't know if most senators have any idea of the cost of shipping grain out of the prairie region. The report indicates that 16 per cent of the revenue per ton mile of all railroads in Canada is made up of revenue received from the shipment of grain in western Canada. The revenue in western Canada alone, the revenue per ton mile for traffic hauled in western Canada, amounts to 25 per cent of the revenue of the railroads.

To give the house some idea of the immensity of the problem, for the year 1974, which was the basic year of the study on grain transportation costs by rail, 336,813 carloads of grain were shipped by rail. This represented 20,589,693 tons. I might comment that 64 per cent of it was shipped through the port of Thunder Bay rather than ports such as Vancouver, Victoria, or Churchill on Hudson Bay.

I have indicated that the Crowsnest costs have for many years been a continuous issue in the west, and the commission was asked to obtain a completely independent assessment of the issue. That commission was known as the Snavely Commission, that being the name of the chairman. It was established in April 1975. The purpose of the inquiry was as follows: to identify the costs and revenues to the railways of transporting grain at statutory rates; to evaluate and assess the adequacy of contemporary railway costing practices as set out in Canadian Transport Commission order R-6313; to identify and review any other railway grain costing issues; to develop a series of typical cost profiles for different categories of prairie railway line; and to assess the impact of moving grain under a series of different grain handling and transportation assumptions.

Volume 1 of the report deals with the first two items; namely, the costs and revenues to the railways of transporting grain, and evaluating the adequacy of contemporary railway costing pratices.

It is an interesting document. Mr. Snavely went to great lengths to ensure that all interested parties had ample opportunity to put forward their point of view. This was accomplished through a series of technical committee sessions which were followed by a more formal series of hearings. These were undertaken in two main stages, which permitted the interested parties to outline their positions followed by the submission of rebuttals. A third hearing was held in order to examine more fully the cost of money issue. Participants in the proceedings included representatives from all sectors of the grain handling and transportation industry—producers, grain companies, railways and provincial governments.

The findings fall into two basic categories. First, the commission identified the costs and revenues of moving grain at statutory rates. For the year 1974, the latest year for which full information was available, the commission found that the costs exceeded the revenues received from the users of the service by $141.3 million.

The total cost to the railways of moving that grain was $231 million. The costs, by the way, included a return on capital costs, which I believe was determined at 11.31 per cent after taxes in the railways' net investment employed in the transportation of statutory grain. That net investment represents capital and equity investment combined.

I have indicated that the total railway cost, as determined by the commission, was $231 million. The revenue from users of the service, the farmers who shipped, was $89.7 million. The revenue from the branch line subsidy, which was given to the railroads by governments—a subsidy which was not directly related to grain but to line improvement—was $52 million. The revenue shortfall incurred by the railways was $89.3 million.

We now have for the first time what might be a reasonably accurate figure of the cost to the railways.

Senator Burchill: Over what period?

Senator Buckwold: For the year 1974. There have been many assumptions, and the railways have given certain figures to farm organizations, to provincial governments and others,

and the Snavely Commission determined that the revenue shortfall incurred by the railways was $89.3 million.

Another way of stating its findings was that for the average ton of grain moved, the user paid $4.36, the federal government $2.52, and the railways $4.34.

That represented the first part of the commission's findings. In the second part the commission critically examined Canadian railway costing procedures and made a series of recommendations for changes. Both the railways and the Canadian Transport Commission incurred a certain amount of criticism but the report does contain a series of detailed suggestions for improvements. The issue that is likely to be the most contentious concerns the question of constant costs. The analysis carried out by Snavely covers long run variable cost only with no contribution towards fixed or constant costs. The railways will likely strongly argue that constant costs must be regarded as a cost of remaining in business. Other issues that may be somewhat contentious are the use of historic costs as opposed to replacement costs for depreciation purposes and cost of capital.

● (1440)

The significance of all this, honourable senators, is that for the first time the total cost to the railways of moving statutory grain by rail has been identified and, while not all parties agreed on the actual cost, it is significant that everybody agreed that the railways do lose money, substantial money, carrying grain over and above the branch line subsidy.

Honourable senators, I thought that you would be interested, in view of our discussion on transportation, in this very new report which I think throws significant light on many of the aspects of transportation as it affects that very important grain industry, important not just to the prairie provinces, the producing provinces, but important more especially to all of Canada which benefits from the export of these important commodities.

I make this contribution hoping that it will add to the consideration that will be given by the committee, if a committee does consider this, and with the intention of warning the Senate that if a committee does look at it, it might be better to try to bring the subject into an area that can be identified and in which some tangible results can be achieved.

On motion of Senator Petten, debate adjourned.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Norrie:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and

That the committee have power to sit during adjournments of the Senate.—(*Honourable Senator Deschatelets, P.C.*).

Hon. Paul H. Lucier: Honourable senators, I would ask leave to resume this debate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Lucier: Honourable senators, I should like to say a few words in support of Senator McGrand's motion that the Senate Committee on Health, Welfare and Science be authorized to inquire into and report on such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life.

I realize it is difficult to get people enthused about such a motion, but it is a very important subject we are dealing with. We should not miss any opportunity to help our young people in the hope that they may be prevented from becoming involved in a life of crime. Any money spent on such a program would certainly be insignificant compared to the long-range benefits.

Because of our changing lifestyles, the availability of drugs and the permissive society, I feel young people with any kind of mental problem have a much more difficult time trying to cope than was the case even ten years ago. I really believe this will not improve in the years to come and is more likely to get worse.

We are very fortunate in having people such as Senator McGrand willing and able to take on such a difficult and worthwhile task. Since all he is asking for is our support at this time, I certainly give mine and hope you will also support this motion.

I really should apologize, honourable senators, for making such a short speech, but I think I shall withhold my apologies until such time as I make one that is too long.

On motion of Senator Petten, for Senator Deschatelets, debate adjourned.

The Senate adjourned until Monday, December 20, at 8 p.m.

THE SENATE

Monday, December 20, 1976

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that John Ewasew, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. John Ewasew of the City of Mount Royal, Quebec, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Jean Marchand P.C.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Honourable senators, I wish to announce that you are all invited to my chambers after tonight's sitting to celebrate the appointment of Senator Ewasew in the company of his family and friends.

GOVERNMENT EXPENDITURES RESTRAINT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-19, an act to amend or repeal certain statutes to enable restraint of government expenditures.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault: Honourable senators, I move, with leave of the Senate, that this bill be placed on the order paper for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1976, pursuant to section 8 of the Department of Veterans Affairs Act, Chapter V-1, and section 4(2) of the Pension Act, Chapter P-7, R.S.C., 1970, including reports of the Pension Review Board, the War Veterans Allowance Board and the Bureau of Pension Advocates for the same period.

Copies of the General Briefing Book for the 22nd Meeting of the Federal-Provincial Committee of Ministers of Finance and Provincial Treasurers, held at Ottawa, July 6-7, 1976.

Copies of the General Briefing Book for the 23rd Meeting of the Federal-Provincial Committee of Ministers of Finance and Provincial Treasurers, held at Ottawa, December 6-7, 1976.

Copies of document entitled "Financial Assessment of Established Programs—Financing Proposals," dated November, 1976, issued by the Department of Finance.

Report on operations under the Regional Development Incentives Act for the month of September 1976, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Copies of a letter from the Prime Minister of Canada, dated October 18, 1976, addressed to the President of the Queen's Privy Council for Canada and House Leader, concerning the formulation of guidelines recently adopted respecting the commercial activities of former holders of federal public office.

Copies of Report of the Advisory Commission on Parliamentary Accommodation, dated November 1976, appointed by Order in Council P.C. 1974-963, dated April 25, 1974, pursuant to Part I of the Inquiries Act (Honourable Douglas C. Abbott, P.C., Chairman).

• (2010)

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Norrie:

That the Standing Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and

That the committee have power to sit during adjournments of the Senate.—(*Honourable Senator Deschatelets, P.C.*).

Hon. Chesley W. Carter: Honourable senators, I would ask leave to resume the debate in place of Senator Deschatelets.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Carter: Honourable senators, my remarks will be quite brief because I have already spoken on this subject in the debate on Senator McGrand's earlier motion which, as some speakers have pointed out, was similar in substance to the motion before us. My remarks are recorded on page 1288 of *Hansard* of October 21, 1975, and I do not wish to repeat what I said on that occasion. However, one or two points have been raised by Senator McGrand and others to which I wish to address myself, and for the benefit of the new senators and new readers of *Hansard* it might be convenient to summarize the history of events since this subject was first introduced.

On May 14, 1975, Senator McGrand placed a motion on the order paper: "That the Senate considers it advisable that a special committee of the Senate be established at an early date to inquire into and report upon the crime and violence in contemporary Canadian society."

On December 18, 1975, the Senate referred the subject matter of Senator McGrand's motion to the Standing Senate Committee on Health, Welfare and Science, and instructed the committee "to look into and report upon the feasibility of a Senate committee inquiring into and reporting upon crime and violence in contemporary Canadian society and that if the committee decides that such a study is feasible and warranted it be further instructed to set down clearly how, by whom, and under what precise terms of reference such a study should be undertaken."

Thus the committee's task was threefold: one, to determine whether the study was feasible; two, to determine whether, if feasible, such a study was warranted; and three, if found to be feasible and warranted, to outline how and by whom and under what terms of reference the study should be undertaken.

The committee held a number of meetings and reported back on June 22, 1976. The report can be found on page 2242 of *Hansard* of that date. A motion was passed the same date to take the report into consideration at the next sitting of the Senate. Although as chairman of the committee I was prepared to open a debate on the report, and although the Senate continued to sit until July 16, this item was set aside sitting after sitting and died on the order paper when the session was prorogued and a new session began.

In the light of the facts I have just stated, one cannot help but infer that for some reason, which was never explained to me, someone did not wish to have this report debated. Therefore, Senator McGrand has every reason to feel disappointed with the treatment his earlier motion received, which should be a matter of regret for all of us because this type of procedure certainly does nothing to enhance the image of the Senate. Now Senator McGrand is trying again, and he deserves congratulations, not only for his perseverence but also for the thoughtful and scholarly speech with which he opened this debate.

I said earlier that Senator McGrand's motion is similar in substance to his earlier motion, but in fact it follows very closely the terms of reference suggested in the committee's report. The committee found and reported that a wide open inquiry into the causes of crime and violence in Canada is neither feasible nor warranted because the common factors influencing crime—poverty, broken homes, unemployment, drugs, the penal system, lack of education, vocational training, and so on—are already well known and well documented. However, the committee did find that there was one area related to the causes of crime about which very little is known, and which is engaging the attention of research specialists in the United States, France and a number of other countries. This area includes those influences experienced in early childhood which may lead to violent and criminal behaviour later on.

The committee found that such a restricted inquiry was both feasible and warranted, and suggested that the terms of reference be to inquire into and report upon what is being done, and what further avenues of research are required to detect factors occurring before birth or during the first three years of life which may lead to personality difficulties or to violent behaviour in later life. This is very similar to the motion now before us, with the exception that Senator McGrand's motion requires the study to be carried out by the Senate Standing Committee on Health, Welfare and Science whereas the committee suggested that it should be done by a small special committee of eight senators.

As some senators have already pointed out, this would be a fact-finding committee narrowly focussed on those factors which come into play in the early years of a child's life, even before birth, which could result in violent or criminal behaviour later on. Dr. McGrand has already outlined some of these factors, and, as I understand it, the committee's task will be to try and find out what information on this subject already exists, what lines of research are being followed, what results are being achieved or contemplated, what kind of statistics are being compiled and so forth.

Senator Asselin, in his excellent speech, suggested that the government should fund research by various bodies, including government agencies, universities and other suitable organizations. I think that is an excellent idea, and ultimately that is where the real research will have to be done, but it seems to me that these agencies would be able to carry out their research more efficiently, and would get better returns for their research dollar, if they had a body of information, references and authorities available to them before they started. As I understand it, it would be the purpose of the committee to assemble and compile such a body of information, which would enable them to select lines of research best suited to their facilities, and at the same time avoid duplication and overlapping with the work of other agencies.

● (2020)

Incidentally, the committee had not advanced very far into its study when it discovered that no statistics pertinent to this study are available from Statistics Canada and, indeed, if the statistics are to be compiled at all it would have to be done by the provincial governments, by the hospitals in which babies are born, and perhaps even by the family doctor and obstetrician who treated the mother during her pregnancy. It seems, therefore, that some such inquiry as envisaged by this motion will be necessary to enable provincial governments and hospitals, et cetera, to determine the kind of information that should be compiled.

Honourable senators, this study proposed in Senator McGrand's motion is of utmost importance, for two reasons. In the first place it is an attempt to come to grips with the causes of crime and violence, to try to get at the roots of the problem and to have a better understanding of it, and also to endeavour to find out what can be done to determine what factors and what experiences in the early stages of a child's life, before and after birth, can lead to violent and/or criminal behaviour in later life. It is also an attempt to determine what can be done to detect and remedy the effects of those factors before the child's pattern of behaviour becomes crystallized.

Dr. Susan Stevenson, a Vancouver psychiatrist, has observed that "there is no such thing as a born criminal . . . they always come from incredibly deprived backgrounds." Dr. Elliott Parker, a fact-finding psychiatrist at Penetanguishene and a witness who appeared before our committee, stated, "I accept that in the early years of life the die is cast."

It has been recognized in recent years that babies can be mentally ill. An article in the *Globe and Mail* of June 9, 1976 states as follows:

> Rene Spitz of France studied war orphans in an institution, filmed suicidal one-year olds, babies so anxious to die they succumbed to trivial infections.

The same article quotes Dr. Andrew Crowcroft, Director of the West End Crèche, as saying:

> We find that with four-year olds we are often too late. The most therapeutic success comes in the first year or two of life.

The motion, therefore, is aimed at preventing crime at its source rather than dealing with it after it has become a problem and, inasmuch as our human resources are our most valuable resources, that fact in itself is sufficient to stress the importance and urgency of the study.

There is a second reason, and that is the financial cost of crime. A survey conducted in the United States several years ago estimated that the cost of crime was around $75 billion per year. Since then, crime has increased considerably, in both the United States and Canada and, as Senator Asselin pointed out, crime and violence in Canada is already a major problem and its steady increase is becoming one of our major concerns. Unfortunately we do not have statistics related to the cost of crime in Canada, but using the United States statistics on a basis proportionate to our population, and bearing in mind that the pattern of crime in Canada is in many cases very similar to that in the United States, the cost of crime in Canada must be anywhere from $8 to $10 billion per year.

Honourable senators, these two reasons alone in my opinion are sufficient to justify support for this motion.

Hon. Senators: Hear, hear.

Senator Denis: May I ask a question of the honourable senator? In the event that we discover what is going on in the mind of a man who fathers a child who might be a violent person or a criminal, what do we intend to do? I wish to know if there is a solution, a remedy. Would we forbid such a man to father children? I wish to know if that is the intention?

Senator Carter: I believe my honourable friend has misunderstood.

Senator Denis: No, no.

Senator Carter: You have certainly misunderstood what I said. All I said was that this committee would carry out some research into what is being done. In order to find the answers to this problem, further research must be undertaken by someone, presumably a government agency at the provincial or community level.

What this motion is about, as I understand it, and what this committee will undertake, is the collation of information from all available sources to find out what is being done, what has already been learned about this problem in various parts of the world, and what lines of research should be carried out; and then to assemble that body of information and have it ready for provincial agencies who will use it in determining, through common lines of research, how best to provide the answer to the question you ask.

Senator Denis: When we have done all that, what will we do next? What will be the advantage of that inquiry if we do not know what to do after we have the information?

Senator Carter: I do not think I can add anything to what I have already said.

On motion of Senator Petten, for Senator Deschatelets, debate adjourned.

GOVERNMENT EXPENDITURES RESTRAINT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Raymond J. Perrault moved the second reading of Bill C-19, to amend or repeal certain statutes to enable restraint of government expenditures.

He said: Honourable senators, you will recall that in the fall of 1975 the government became increasingly concerned by the accumulating evidence that federal expenditures for 1976-77 were likely to be higher than had been planned. The main reason, of course, was the pressure of inflation, a pressure felt by all Canadians regardless of political affiliation—the pressure of inflation on indexed transfer payments (family allowances, old age security, and the government contribution to the unemployment insurance program) interest charges on the debt, and departmental operating and capital costs. The government ordered a review of expenditure commitments with a view to bringing the total outlays for 1976-77 under a ceiling of $42,150,000,000. It was decided to cut the expenditure commitments by $1.5 billion in order to achieve that target.

The components of the reduction are well known to members of this chamber. However, I should like to review some of them at this time. First, the well-publicized freeze on the salaries of members of the Senate and the House of Commons, including ministers; the freeze on the salaries of all judges of the Supreme Court, the Federal Court and provincial superior courts, and also of public servants in the higher salaried categories.

Senator Flynn: Did you say only Supreme Court judges?

Senator Perrault: The Supreme Court, the Federal Court, and provincial superior court judges.

Senator Flynn: I thought it was a mistake when you said it the first time. I didn't know you would repeat it.

● (2030)

Senator Perrault: If the honourable senator has some specific questions, I will certainly endeavor to have the answers provided for him.

Senator Flynn: I will provide the answers rather than the questions.

Senator Perrault: To continue: a freeze was announced in the salaries of public servants in the higher-salaried positions, a freeze in the number of higher-salaried positions in the public service, a reduction in the amount of money available to pay replacements for public servants sent on language training courses, a reduction of $30 million in expenditures on buildings, aid to the granting councils was frozen at 1975-76 levels despite the rising costs of their clients. The budget of DREE was also held to the amount provided for in 1975-76. The allocations originally contemplated for loans for crown corporations and others were cut; the originally approved level for foreign aid was reduced. There was a freeze on the number of external affairs posts abroad. It was announced that there would be a termination of the Opportunities for Youth Program, the agencies known as Information Canada and the Company of Young Canadians. It was announced that there would be an elimination of indexation of family allowances for the year, and it was announced that there would be measures to defer or to reduce loans to crown corporations or to require them to obtain funds from the commercial sector.

The limit on growth in the public service was set at 1.5 per cent. The net growth of 4,007 man-years allowed was distributed throughout a number of departments; emphasis, however, was placed on the need to reinforce the government's Peace and Security Program and thereby help to improve law enforcement services in this country.

Transportation subsidies were reduced; reductions in the number of subsidies to industrial development were made. It was proposed to eliminate the Industrial Research and Development Incentives Program.

Just a word about the current outlook for the country. The ceiling of $42.150 billion was set and announced last February when the main estimates were tabled. It included a provision for supplementary estimates, and the realistic expectation that events were going to occur which would require further expenditures. It can be said that with supplementary estimates approved so far, and with the final supplementary estimates Parliament will be asked to approve next March, there is every prospect of staying under the ceiling barring some completely unforeseen event. It has been possible to so order priorities within the set limit to make additional payments to the provinces under shared-cost programs, and, in the form of fiscal transfers, to launch a large direct employment program, to provide higher statutory amounts on passenger and uneconomic rail lines, and to increase the budget for housing assistance, and to undertake other measures. The government is considering other priority expenditure needs to be met before the year-end, all within the expenditure ceiling established more than a year ago.

The rate of growth in expenditures for 1976-77 over 1975-76 will be 14 per cent at the most, down from 18 per cent the year before and 28 per cent the year before that. The government has announced its intention to hold the growth to a still lower figure—11 per cent—for the next year, and to follow the general trend of the GNP as a matter of policy, and it is expected that in the next fiscal year the increase in GNP will be in the order of 10 or 11 per cent.

So I think honourable senators must agree that we appear to be moving in the right direction as a national government. However, to be effective a program of restraint calls for the cooperation of all sectors of society.

Had these reductions not been imposed, the main estimates which were tabled on February 18, 1976, would have been $1 billion higher than they were, and the capital budgets of crown corporations which are approved by Order in Council would have been about $1.5 billion higher. The levels of expenditure for some of the items involved in these reductions are regulated by specific provisions in certain acts of Parliament, as honourable senators know, and to effect the reductions it is necessary to amend these provisions.

The purpose of the legislation now before us is to provide the authority necessary to enable certain planned expenditure reductions to be made. Perhaps I may now summarize the intent and major provisions of Bill C-19, an act to amend or repeal certain statutes to enable restraint of government expenditures.

First of all, the bill repeals sections 7 and 8 of the Adult Occupational Training Act and substitutes new sections for them. This change is necessary to eliminate the present statutory requirement for an automatic annual escalation of trainee allowances in accordance with increases in the manufacturing wage index, and to substitute a provision that would permit the setting of these allowances by regulation without reference to an indexing provision, subsequent to an annual ministerial review. Under the present act, training allowances are increased annually on July 1 in accordance with the increase in the manufacturing wage index for the previous calendar year.

I would comment just briefly on the proposed substitution of these new sections 7 and 8 in the Adult Occupational Training Act. The hope was to have this measure passed earlier in the year. Parliament in its wisdom decided that it was an important measure—which it is—and this resulted in a long debate. Senators will recall that it had not been found possible to pass the predecessor bill, Bill C-87, before the summer recess, so additional expenditures of $20 million in this fiscal year were made necessary. However, if the bill is passed now, and the decision is taken not to further increase the allowance rates, then an estimated saving of $20 million in 1977-78 will result, although there will be no saving in 1976-77. In other words, there was a requirement to make these additional payments on July 1 because Bill C-87 had not been enshrined in statute form. For that reason the full saving which had been contemplated is not to be realized. However, we can look forward to a saving in excess of $20 million in the fiscal year 1977-78.

The Company of Young Canadians Act is repealed, and provision is made for the transfer of the Company's assets and liabilities to Her Majesty and for the Secretary of State to administer the closing out of the Company.

Honourable senators may be interested to know that the operations of the Company have now been completely phased out. Its 35 local offices were closed as of March 31, 1976, and, effective April 1, 1976, the Department of Secretary of State assumed responsibility for a skeleton staff operation in the Ottawa headquarters to clear up outstanding administrative matters such as the payment of bills and transfer of documents to the public archives, and to facilitate the financial audit being conducted by the Auditor General. Closing-out activities were completed by April 30, 1976.

There may be some lingering suspicion on the part of some honourable senators that the personnel of the Company of Young Canadians and Information Canada will be merely transfered to other departments and as a result there will not be a significant net saving to the taxpayers of this country. The overall increase in public service hirings of 1.5 per cent contemplated in this fiscal year includes any movement of personnel from these phased-out agencies to other government positions.

In actual fact, not all of the permanent employees of the Company of Young Canadians, for example, have been successfully relocated in other employment. Honourable senators may be interested to know that, by the end of the fiscal year 1975-76, 70 per cent of the permanent employees located in Ottawa and 35 per cent of permanent employees located outside Ottawa had found employment.

Senator Asselin: Where?

Senator Perrault: The indications were that a relatively small number of volunteers had been placed because of difficulties in relocating from isolated rural areas.

• (2040)

We may be able to provide information with respect to the areas of placement for the displaced personnel as a result of the abolition of the Company of Young Canadians. However, the movement of personnel, as I stated, is within the 1.5 per cent increase in public service hirings for this fiscal year.

New subsections are to be added to the Family Allowances Act, 1973, with the result that for 1976 the rates at which the allowances will be paid will be frozen at the 1975 level. It will be made clear that provincial rates for family allowances may be specified by provincial regulations. The question of family allowance rates is one which has attracted a good deal of comment, not only in this place but throughout the country.

Honourable senators are aware, of course, that provincial governments have certain rights in respect of family allowances, such as the right to allocate a greater or lesser amount for older children, and a greater or lesser amount per child in families with a number of children. Federal government payments to the provinces are made on a per capita basis for young people from birth to 18 years of age inclusive. Other amendments are consequential on the foregoing.

Some senators will have noted newspaper reports to the effect that the Minister of Finance announced on December 15 that these allowances would be indexed in 1977. No government likes to cut back or restrain the indexing of payments in such a worthwhile area of budget allocation as family allowances. Family allowances, since their creation, have been improved upon by various governments down through the years. Indeed, I recall that a government of another political persuasion between 1957 and 1967 supported the family allowances program and even increased the rates which were paid under the program. Programs such as these are important, and it was with great regret that the government felt it necessary to institute some restraint in this particular program, even for one year. However, family allowances will be indexed for 1977, which is good news for the families of this country.

The Industrial Research and Development Incentives Act is also included in the measure before us. That act is to be repealed, and to accomplish that it must be amended to end the period during which assistance is available for research and development, and to provide that all applications for grants will be cut off as of December 31, 1976. The amend-

ment provides that once the provisions of the act are fulfilled, it may be repealed by proclamation of the Governor in Council.

It was expected that the predecessor bill would result in a saving of $45 million for the fiscal year 1976-77. That bill, of course, because of prolonged debate in Parliament—

Senator Flynn: In the other place.

Senator Perrault: Yes, in the other place. In any event, it was not proclaimed. As a result, the expected saving was not realized. There will be something in the order of a $15 million phase-out cost in the fiscal year 1977-78. However, there will be a substantial saving in fiscal 1977-78 in comparison with this year's cost of the program of approximately $45 million.

It was found that the level of support for industrial research and development had no relation to the absolute level of research and development costs for companies, except for companies undertaking this activity for the first time. It provided limited assistance to companies which had already reached their optimum level in research and development programs. It had its maximum impact when the level of economic activity and research and development was rising, and its minimum benefit at a time of declining activity. The government assessed the pros and cons of this particular program and, as a result, has moved to phase out the program completely. The program has not realized all the high expectations held for it when it was first introduced.

The next feature of Bill C-19 relates to Appropriation Act No. 3, 1970, vote 25, Supply and Services, which was the legislation setting up Information Canada. That vote must now be repealed so that Information Canada may be formally abolished.

Reference is made in Bill C-19 to the Western Grain Stabilization Act. Section 41 of that act is being amended so as to authorize the Minister of Finance to postpone crediting amounts in the Consolidated Revenue Fund to the stabilization account until a later time, at which time interest would also be credited.

There are some technical questions in this area which I know honourable senators will wish to ask in committee should the Senate support the motion to refer this bill to committee.

Honourable senators, may I say that the other elements of the expenditure reduction program announced on December 18, 1975, do not require legislation since they fall within the scope of executive action. The 1976-77 savings which will result from the passage of Bill C-19, it is estimated, will be in excess of $250 million.

It is not an easy task to reduce expenditures. No government finds it a simple process to achieve maximum budget reductions. I know that the distinguished former Premier of Nova Scotia, Senator Smith (Colchester), found it no easy task to reduce expenditures when he was premier, and others who have served in positions of governmental responsibility have had the same experience.

Let me provide the Senate with a few facts by way of summary. In 1968-69 the total federal government outlay was $12.621 billion; by 1975-76 it had risen to $36.439 billion. The outlay for 1968-69 represented 16.9 per cent of the gross national product, whereas the total outlay for 1975-76 represented 21.8 per cent of the gross national product. Estimates for the current fiscal year are not yet available.

In 1968-69, transfers to the provinces and local governments totalled $2.49 billion; transfer payments to the provinces in 1975-76 represented $7.627 billion. The transfers to provinces and local governments represented 3.3 per cent of the gross national product in 1968-69, compared with 4.5 per cent in 1975-76.

Total federal government expenditures in 1968-69 amounted to $10.128 billion, increasing to $28.812 billion in 1975-76. Provincial government expenditures—and this is a fact which is often omitted by those who comment on the subject of government spending—have increased from $6.512 billion in 1968-69 to $20.619 billion in 1975-76, representing an increase in percentage of gross national product from 5.9 per cent in 1968-69 to 9 per cent in 1975-76. There has been a substantially greater percentage increase, of course, in provincial expenditures during that seven-year period than was the case at the federal level. I am not suggesting that part of that increase was not due to certain shared-cost programs initiated by the federal government, but we have the phenomenon, if you wish to describe it that way, of substantially greater local and provincial total governmental expenditures than federal government expenditures, and the amounts seem to be increasing year by year. It seems to suggest that in order to achieve some of our economic objectives, and particularly that of restraint in spending, we are going to have to have the cooperation of local and provincial governments.

● (2050)

Honourable senators, I think I have spoken long enough on this measure, and I know that other members of the house wish to contribute to the debate. Certainly, however, before discussion of the merits of this bill has been completed I would hope to help provide as much detailed information as honourable senators may feel they require.

Senator Flynn: Honourable senators, I move the adjournment of the debate.

Senator Carter: Honourable senators, before the debate is adjourned, would the Leader of the Government permit a question? The leader mentioned a saving of $20 million, which might have been realized, but which was not because of prolonged debate in the other place. Was $20 million the total saving in respect of all programs under this legislation, or was it the total saving in respect of one program?

Senator Flynn: He did not say that.

Senator Perrault: Honourable senators, the $20 million anticipated but not realized relates only to one part of the restraints program. There was also an amount of $45 million which it was hoped could be saved through cancellation of one other program. I want to assure honourable senators that despite the fact that the full impact of this restraints program has been delayed because of the debating time taken in the

other place—and I do not say that critically; it is the right of the opposition to raise questions—we will still come in under that $42-plus billion total for the budget. It does not mean that because not all restraint savings have been realized the budget will soar over $42 billion. The government has been working very energetically in other directions to make up for the fact that the full proposed savings in restraint will not be realized in certain programs referred to in the bill before us.

Senator Grosart: I wonder if the Leader of the Government would care to give a further explanation as to this saving of $20 million that was not realized because of the prolonged debate in Parliament, in view of the fact that some of this legislation provides for that by being completely retroactive. I refer, for example, to clause 3 of the bill, which provides:

> The Company of Young Canadians established by section 3 of the Company of Young Canadians Act shall cease to exist or be deemed to have ceased to exist on April 1, 1976.

In view of this option, which is one of the favourite devices of the government—that of making legislation retroactive—how can the Leader of the Government complain that Parliament somehow cost the country $20 million?

Senator Perrault: Unlike certain other programs, such as Information Canada, where the government, in effect, proceeded to deny funds to the agency for the carrying on of its work—an action which made necessary the termination of Information Canada operations throughout the country—we have the example of the Adult Occupational Training Act, which contains a statutory requirement that an increase in trainee allowances must be made, effective July 1 of each year. By July 1 of this year the bill had not been passed by Parliament and, as a result, under the law, the government was required to increase the rate. That cost the Canadian taxpayer $20 million. Other measures, such as industrial research and development—I think I mentioned that situation—are very much in the same category. A statutory requirement exists. In some of the other programs, however, there is no such statutory requirement.

Senator Flynn: With regard to family allowances, for instance, I think the government decided it would make the freeze applicable from January 1, 1976, without any legislative power to do so.

Senator Perrault: If the honourable senator investigates the legal basis for family allowances he will find, I think, that any indexing must be done in the calendar year 1976. There must be some point in the year when the new index for family allowances is announced, and only then are allowances increased. The government has until the end of the year to take appropriate action.

Senator Flynn: We will see about that.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 21, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Third Report of the Metric Commission Canada for the period April 1, 1975, to March 31, 1976, issued by the Minister of State (Small Business).

Report of operations under the Government Annuities Act for the fiscal year ended March 31, 1976, pursuant to section 16 of the said Act, Chapter G-6, R.S.C., 1970.

[*Translation*]

AIR TRANSPORTATION

REPORT OF 1970 AIR TRAFFIC CONTROL OCCUPATIONAL STUDY—BILINGUALISM IN AIR COMMUNICATIONS—QUESTION

Senator Asselin: Honourable senators, I should like to direct a question to the Leader of the Government. Last week an article in the Montreal newspaper *La Presse* revealed that a report had been submitted in 1970 by the advisers of the Department of Supply and Services claiming that bilingualism in the air is a security factor. The article further stated:

> Following an in-depth study of all the consequences of the application of bilingualism to air communications, the writers of the report found that the use of both French and English in control towers would make air traffic not only safer but more efficient.

My question therefore is as follows: Does the Leader of the Government know whether the Department of Transport has received and examined this report and whether the minister knew about it in 1970? Moreover, in case such a report does exist and the minister has it, could the Leader of the Government table it in the Senate?

[*English*]

Senator Perrault: Because of its detailed nature, I must take the question as notice. I will endeavour to provide the answer as quickly as possible.

Senator Flynn: Tomorrow?

Senator Perrault: It is possible.

GOVERNMENT EXPENDITURES RESTRAINT BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Perrault for the second reading of Bill C-19, to amend or repeal certain statutes to enable restraint of government expenditures.

Hon. Jacques Flynn: Honourable senators, yesterday the Leader of the Government treated us to a most entertaining dissertation when he introduced Bill C-19. He recited most of the proposals for restraint made in October 1975, when the Prime Minister announced the anti-inflation program to Parliament and to the Canadian people. The leader could have restricted himself to dealing only with the proposals included in Bill C-19. But, without the context of the entire so-called restraint program these proposals would have appeared so negligible as to be an insult to the intelligence of Parliament and the public. The fact is that Bill C-19 is part of a cynical, hypocritical exercise in fakery; it is pure, unadulterated window-dressing, meant to deceive and delude the poor gullible taxpayer.

● (1410)

I will mention a few cases in point. First, the Leader of the Government said in his speech:

> —a freeze was announced in the salaries of public servants in the higher-salaried positions, a freeze in the number of higher-salaried positions in the public service.

Earlier he had referred to:

> —the freeze on the salaries of all judges of the Supreme Court, the Federal Court and provincial superior courts.

I dealt with this matter at the time it was introduced over a year ago. I drew the attention of the Senate to the fact that these salaries had been increased, and substantially increased, about six weeks before the announced freeze, so that the freeze meant absolutely nothing. It was more obvious in the case of judges of the Supreme Court, the Federal Court and provincial superior courts. Only three months earlier we had provided these members of the judiciary with a substantial increase, from a minimum of $38,000, generally, to over $50,000. At that time it had been announced that these new salary levels would remain constant for at least three years. So, in those two cases the freeze was of recently increased salaries that were already frozen. I said at that time, and I repeat now, this was pure propaganda; it meant nothing whatsoever.

The second point I want to draw to your attention has to do with the total budget about which the Leader of the Government said yesterday:

> Had these reductions not been imposed, the main estimates which were tabled on February 18, 1976, would have been $1 billion higher than they were, and the capital budgets of crown corporations which are approved by order in council would have been about $1.5 billion higher.

I suggest that here again—and it was not the first time; it was at least the second time—the government was saying, "We will not spend all we intended to spend in the coming year." That represents no real restraint at all. All it did was set aside additional or exceptional increases for the time being.

I suggest that this government will try to convince us that it saved money by setting aside programs it had never even considered seriously. That constitutes a demonstration of arrogance and contempt for the taxpayer. But then, what more can we expect from the most profligate administration in the history of Canada.

Yesterday the leader mentioned that two years ago the increase in the federal budget was 28 per cent; that last year it was 18 per cent, and now we have an increase of 14 per cent. When Mr. Trudeau took over in 1968 the budget was for $11.9 billion. Within six years it had more than doubled, and the budget has again nearly doubled during the last three years, so that it now stands as a target and only a target—because the Leader of the Government said yesterday, "barring unforeseen circumstances"—of $42.150 billion.

Government spending has increased fourfold since Mr. Trudeau took over. There certainly was no restraint being exercised during all that time. The government promised that federal spending this year would be kept in line with the growth in the gross national product. It was not; the government broke its own guidelines. The growth in GNP for this year will be in the order of 11 per cent and the growth in government spending will be 14 per cent. Next year's growth in federal spending, if we can call that control, will be 11 per cent. This will bring us to a total federal government expenditure for next year of $46.7 billion. These figures are very impressive but to get the full impact they must be considered in the light of the statement of the Auditor General last year, as follows:

> The present state of financial management and control systems of departments and agencies of the Government of Canada is significantly below acceptable standards of quality.

With respect to crown corporations, for which this government has ultimate responsibility, the Auditor General had this to say:

> In the majority of the crown corporations . . . financial management and control is weak and ineffective. Moreover, coordination and guidance by controlled government agencies of financial management and control practices in the crown corporations are virtually non-existent.

Mr. Macdonell was led this year to the inescapable opinion that:

> Financial management and control in the Government of Canada is grossly inadequate. Furthermore, it is likely to remain so until the government takes a strong, appropriate and effective measure to rectify this critically serious situation.

In the Public Accounts Committee of the House of Commons he volunteered in May of this year:

> Unless the systems are corrected the day may well come when I really cannot give a clear certificate on the accounts of Canada.

He was telling us that the administration of our tax money was in the hands of incompetents and wastrels, a vast bureaucracy so stupid with the money it holds in trust and spends on our behalf, that he could not be sure it was not being wasted or used non-productively. In fact, he could not be sure that there was not outright fraud going on.

Did matters improve after that frightening report? Not a bit. Is the taxpayer still being ripped off? You bet he is. According to the Auditor General, this government "has lost or is losing effective control of the public purse". Countless millions of dollars have been squandered in the past eight or nine years. No fancy spending restraint program would have been necessary to avoid that. So if this government had really been serious about cutting expenses it would long ago have started on the simple things. It would have cleaned up its own act. It also would have implemented some of the suggestions made by Max Henderson and the present Auditor General. However, it has not; nor has it acted upon very many of the suggestions emanating from Parliament, in particular the Public Accounts Committee. The recommendations of the Glassco Commission have been only partially implemented, which has done more harm than good, as half measures often will. The Auditor General's most recent suggestion—that of appointing a comptroller general with the responsibility for creating and maintaining effective systems of financial control—has been met with the appointment of a royal commission to study the idea. So, once again, cynicism, arrogance and political expediency triumph over what is right and what is required—in this instance, financial efficiency. The commission will not report until after the next election. Criticism will be quieted in the interim, and the government ends up saving its donkey, to use a synonym.

● (1420)

I ask honourable senators: In view of this government's complete irresponsibility, its persistent extravagance, and utter refusal to make any serious attempt at restraint, how is it possible to treat Bill C-19 with anything but contempt? The bill is just a public relations gimmick, and a mighty poor one at that.

Let us look at the bill. The first item is the Adult Occupational Training Act. The bill would repeal the automatic annual escalation in accordance with the wage index and provide for the minister to review the rates each year, on April 1. The minister could very well freeze those rates, but he could also increase them more than is provided by the existing legislation. In any event, an adjustment was made last July, so it will be very easy for the minister to freeze them next April.

But the Leader of the Government said yesterday that if the legislation had been passed by Parliament last July, we would have saved a lot of money. I again ask the Leader of the Government—as he was asked last night, if not on this specific subject then on something related to it—why did not the minister freeze them before the legislation was passed, in

much the same way as the government did with family allowances. There was no legislation freezing or putting back the family allowances to the 1975 level, yet that was done. Therefore, to say that Parliament, because it did not act on this bill last spring, was the cause of a certain amount of money having been spent unnecessarily, is not a valid statement.

Here again I say that the principle involved in this amendment is important because it gives far greater discretion and much more power to the minister. The minister could very well choose another index than the wage index, and increase those rates at a higher level than was provided in the existing legislation.

Now let us go to the second item, the Company of Young Canadians Act. The decision to scrap this organization was very easy to make because of public criticism of the organization. Even if there had been no restraint program, the government would very likely have made this decision in view of public suspicion concerning the use of this organization.

Again the intent here, obviously, is pure propaganda in support of the so-called program of restraint. Is the government prepared to say that it was wrong in creating that company? Is it prepared to say that it is right in dispensing with it? I doubt that there has been any statement to that effect one way or the other. The government says only that it will save money. Again I say it is a device, not so much to save money as to help the government save face.

Family Allowances: freeze for 1976 on the basis of the 1975 payments. This has been done, as I mentioned before, notwithstanding the fact that the legislation for that purpose has not yet been enacted. Why the government decided to do that in this particular case and not in the other cases I have mentioned, and in yet another that I shall mention later, I do not know. But there is the rather interesting fact that the family allowances will have been frozen only for 1976. I quote from the statement of the Leader of the Government which we had already seen in the press:

> Some senators will have noted newspaper reports to the effect that the Minister of Finance announced on December 15 that these allowances would be indexed in 1977. No government likes to cut back or restrain the indexing of payments in such a worthwhile area of budget allocation as family allowances. Family allowances, since their creation, have been improved upon by various governments down through the years.

What does that suggest? That it was wrong to freeze them for 1976? Was the government sincere when it did that for 1976, without any legislative authority? A strange thing—but the legislation will be passed only to confirm the decision of the government for 1976 taken without any legislative authority, and yet the family allowances will start to be indexed again for 1977. I repeat, this is sheer hypocrisy; it indicates a singular lack of conviction.

Now, honourable senators, I come to the third item, the Industrial Research Development Act which will end on December 31, 1976. The government leader said it will have cost the government $5 million in 1976 because the bill was not passed prior to now. Again I ask him: If the government was able to stop payments to the Company of Young Canadians, and if they were able to freeze the family allowances without legislation, why does he suggest that they could not have stopped paying the subsidies under this act since they had announced they were going to end it. In any event this program has not been proven to be of any significant import, and industry has indicated that it would prefer to have tax incentives instead. So, this is just another sacrificial lamb in the government's concerted effort to appear to be applying restraints.

There is no merit in dispensing with this program. The Leader of the Government in his speech last night admitted that this program was of very little influence. When you are serious about applying restraints, honourable senators, you don't just choose those items that you are already satisfied should be stopped whether you had a restraint program or not. But that is the attitude the government betrays by this bill.

I come now to Information Canada, and this is a nice item indeed. The decision in this case is also simply part of a snow job. Information Canada had been extremely unpopular and severely criticized, so the government decided to get rid of it. But is it really to save money or simply to save face? By abolishing Information Canada we supposedly save $11.5 million. But what we are not told is that at the same time the government increases the amount spent by the various departments on information services by over $15 million. One of the components of administrative operating expenses which has shown the most rapid rate of increase is information services. Despite the disbanding of Information Canada, the budget figure for 1976-77 is $104.128 million. The increase in 1966-67 over 1974-75 is over $30 million, or 40.6 per cent. The budget figure of over $100 million is only a portion of the true cost of information services since it does not include the pay and allowances of those involved in the work, the cost of their accommodation or of other services provided. The Public Service Commission shows 1,155 for service positions filled out of a notarized total of 1,485. The minimum salary and allowance cost for these positions would be $25 million. Again, to say that abolishing Information Canada was an act of government restraint is a horrible twisting of the truth.

• (1430)

With respect to the Western Grain Stabilization Act, I must refer now to the comments of the Leader of the Government, because, like him, I am no expert in this field. I am sorry Senator Argue is not here, because he would have been able to explain this; but the leader had this to say at page 255:

> Reference is made in Bill C-19 to the Western Grain Stabilization Act. Section 41 of that act is being amended so as to authorize the Minister of Finance to postpone crediting amounts in the Consolidated Revenue Fund to the stabilization account until a later time, at which time interest would also be credited.
>
> There are some technical questions in this area which I know honourable senators will wish to ask in committee

should the Senate support the motion to refer this bill to committee.

Well, if I read the bill as did the Leader of the Government, this doesn't amount to much of a saving. If it is only to postpone crediting amounts to the stabilization account until a later time—and we don't know what that time is—at which time interest will also be credited—the banks' interest, I suppose—it seems to me that it is a device which really does not amount to very much in practice. I cannot see anything there worth boasting about.

Now, what is left of this bill? We know that clause 15 of the original bill, which was dropped, would have repealed section 272 of the Railway Act and would thereby have removed the provision maintaining at the 1960 level the rates for moving grain, and at the 1966 level the rates for moving flour for export to eastern ports, and would also have removed the subsidy paid to railway companies to enable them to move grain and flour at those rates. Well, the government dropped that provision, because it met with serious reaction in the maritime provinces, those provinces feeling they had been betrayed since those special rates were part of the agreement under which they joined Confederation. But the government's action in dropping the provision merely shows us how ill prepared it was in establishing its restraint program.

Bill C-19 is quite simply a shabby and rather transparent PR program. The government is not seriously thinking of restraining its expenditures at all; all it has done is make a few empty gestures. It has missed all the real opportunities to exercise restraint. For example, there is an enormous potential for restraint in crown corporations and agencies such as Air Canada, the CBC, the CNR, Atomic Energy of Canada, and so on; but I see nothing to indicate that the government is about to move on that front.

In addition, departments such as the Department of Public Works, the Post Office, the Secretary of State, could likely yield incredible savings if their expenditures were more thoroughly scrutinized. Again, I see nothing to indicate that the government is about to move on that front either.

The government rejects the Auditor General's suggestion for a comptroller general, or rather gives the task to a royal commission, which is an expensive way of doing the same thing. Where is the restraint in that? But there are other ways the government could keep us informed concerning its expenditures, and therein lies the answer. If the government is serious about restraint, it must provide the taxpayers with more information as to exactly how their money is being spent. That being done, the taxpayers will see to it that the government toes the line.

The Canadian Economic Policy Committee, a private sector group, has suggested that the government should be required to publish an economic impact statement before imposing any new regulations, starting a new spending program, taking over a private enterprise, or raising a new tax. For its part, the C.D. Howe Research Institute has suggested a five-year forecast for each public spending program, including a careful distinction between the spending needed to maintain the existing level of service and that needed to improve or expand such service.

The Fraser Institute has suggested a government spending review board, which would replace the Anti-Inflation Board, and would have the power to roll back government spending to keep it in line with the guidelines.

Those are just some of the control and information devices the government might have considered if it were seriously interested in bringing about restraint in spending.

Honourable senators, I think I have said enough—

An Hon. Senator: Hear, hear.

Senator Flynn: I am quite sure that came from my good friend Senator Buckwold. I have had occasion to do the same when he was speaking.

I think I have said enough to demonstrate the emptiness of Bill C-19. Its main characteristic, I suggest, is that of hypocrisy. It is yet another piece of evidence indicating this government's insincerity in the area of spending restraints. Here again, as in many other areas, the government is more interested in appearing to be doing something as opposed to actually showing political courage in bringing about spending restraints. This government fears political courage. As a Liberal Party, its main principle is to remain in office at all costs, including budgetary costs; should it lose power, it will sacrifice anything for the purpose of re-achieving it, including the well-being of Canadians.

We will allow this bill—perhaps Senator Côté has something interesting he wishes to say.

Senator Côté: No, nothing.

Senator Flynn: I am not surprised at your admission. We will allow this bill to pass second reading, but only on division to indicate that we cannot be accomplices in such a shameful betrayal of solemn promises repeatedly made over the past three years.

Senator Greene: Will the honourable senator permit a question?

Senator Flynn: Indeed. I always welcome questions.

Senator Greene: Can you advise the Senate as to whether you speak for your party in enunciating the view that the supreme spending power and the supreme control over public spending should be taken away from Parliament and placed with some appointed review board, as you indicated in your speech? Is it a policy of the Conservative Party that the Parliament of Canada should no longer be the supreme authority over public spending?

Senator Smith (Colchester): Where did you get that baloney?

Senator Flynn: I am quite sure that no one understood my words in the way Senator Greene is suggesting they be interpreted. I merely suggested that the Parliament of Canada should have more help than it has at present with respect to controlling public spending and that the public of Canada should have more information than is presently available to it

with respect to public spending. There is no doubt in my mind, and there should be no doubt in Senator Greene's mind, that Parliament is losing control over expenditures. This is because the government is not frank enough and because the government is, of itself, unable to control expenditures. What I am suggesting is that Parliament should have more information, and should be able to control the government, which is something it has been unable to do for several years. It is about time we tried to devise some means of helping Parliament to accomplish its most important task.

● (1440)

Hon. Allister Grosart: Honourable senators, Senator Flynn has already indicated that this bill, and the act which it is intended to create, is misnamed. Clause 1 says that it may be cited as the Government Expenditures Restraint Act, but I suggest that it might more properly be called "An act to give belated legislative authority to certain unplanned panic decisions made by certain so-called experts in the planning of the Canadian welfare and the Canadian economy."

Perhaps the one word that is really relevant to the circumstances surrounding the introduction of this bill is the word "act", and, as Senator Flynn has suggested, what an act it is! What a piece of stagecraft it is! It is very hard to say whether it is more comedy than tragedy, or more tragedy than comedy, but, as Senator Flynn has intimated, it is not our intention to hold up passage of this bill in any way. For one thing, it is long overdue in its retroactive aspects, and it does offer some degree of comfort to those of us who have been looking for an indication that the government would eventually match its actions to some of its promises. After years of denial that expenditures could be cut by the government, an act of Parliament is now proposed which, I think, for the first time in Canadian history, imposes on the government the necessity of restraining expenditures. How often have we been told here that expenditures cannot be cut? How often has the Leader of the Government, in reply to opposition suggestions that expenditures should be cut, asked that snide question, "Where would you cut?"

The answer to that is in this bill. The Leader of the Government rose and listed item after item where cuts could be made in government expenditures in spite of the fact, as I say, that when we asked this question it was suggested that there was no answer. The government, however, has now been forced to find an answer, and this indicates the truth of the old saying, "Where there's a will there's a way," or, perhaps more properly in this case, "Where there was no will, there was no way," since that was the phrase used over and over again—"There is no way we can cut expenditures."

We should also welcome, I think, the fact that this bill does indicate that some of the promises that were made, in the light of circumstances surrounding it, that increases in government expenditures will in future be limited to the increase in the gross national product, will be kept. It will therefore be very interesting to see, when the accounts are in for next year, or even this year, whether those promises have been kept. Personally, I doubt that this will be the case, because the latest evidence that we have is that every estimate that has been made recently of the potential increase in our gross national product next year is that it will be lower than that estimated a week ago, a month ago, or six months ago. In fact, the latest estimate is that the real increase in the gross national product will be no more than 3 per cent. It will be interesting to see whether real government expenditure is maintained at or below the level of 3 per cent. I doubt if it will be.

The bill also gives us some hope that we will hear the end of the nonsense that has been spoken in this house, and the other place, over and over again, to the effect that the budget, the estimates and the appropriation bills include a very large percentage of "uncontrollable" expenditures. Reference, of course, is always made to statutory expenditures. How often have we been told, "You cannot cut statutory expenditures"? The phrase has been used by Ministers of Finance and Presidents of the Treasury Board. Although I am not sure whether it was used by the Leader of the Government here, it certainly was used by the leader of the other house.

We have been told constantly, I repeat, that these are uncontrollable expenditures, yet here we have at last—and we should welcome it—the clearest evidence that we shall be hearing that phrase no more, since we have before us a list of statutes which are to be amended so as to cut expenditures. Whether this will put an end to all of the self-praise we have heard from the government about how well it plans the economy—

Senator Perrault: Hear, hear.

Senator Grosart: —and about how well it plans its spending, remains to be seen.

We hear of one-year projections and two-year projections. Lately government expenditures have been on the basis of five-year projections. This bill gives the lie to that because 14 of its 15 clauses are retroactive. Here is the clearest evidence that the whole of the spending that has been carried out in this particular period was unplanned. This is a panic bill. This is a bill to authorize decisions made by the government which in each case are the very opposite of the plans it put before Parliament in the estimates. This, obviously, is why the auditor general used the phrase, quoted again by the Leader of the Opposition today, that the government has either lost already, or is about to lose, control of its expenditures.

There was nothing in the circumstances of this particular fiscal year that could not have been anticipated. Inflation was here, unemployment was high, and our economy was seriously affected by the high level of government expenditure. Economist after economist said to the government, "The main cause of inflation is your spending," so why were these decisions not taken a year ago? Why were we given estimates that were totally wrong? Estimates were approved by Parliament, appropriation bills were approved by Parliament, and the government suddenly panicked and said, without legislative authority, as Senator Flynn has so ably pointed out, "We are going to change the decisions of Parliament in these respects."

In the bill before us we have, as I say, 14 out of 15 clauses that are all retroactive. That includes the title of the bill because, far from being a government expenditures restraint act, it is an act to authorize decisions made without the authority of Parliament.

The absurdity is apparent, as Senator Flynn pointed out, in the suggestion that we will now have an act of Parliament, or a section of an act of Parliament, that will be in effect for probably seven days, since the reference in that particular case—family allowances—is to the calendar year. In other words, those sections of this act will be in effect for seven days, and then nullified. This surely points out the absurdity of this kind of bill, and the utter ineptness of the government in its planning.

Some of these retroactive effective dates are as follows: the Company of Young Canadians, April 1, 1976; the family allowances, January 1, 1976; the IRDIA program, January 1, 1976; and the western grain changes, April 1, 1976. There is only one clause which, in its effect, is ongoing and that, of course, is clause 2, which comes into effect on July 1, 1977.

• (1450)

Senator Flynn has dealt with these clauses in detail. I find myself in complete agreement with the criticism he has made, and his overall summary of the utter absurdity of this bill. However, I suppose it is one case where we should hope it receives quick passage by the Senate. Far be it for us to prolong the agony of this retroactive legislation authorizing these panic decisions which were made months and months ago.

It is a late confession, and I suppose we should be charitable to the confessant. It is a late confession of decision-making ineptitude, of belated repentance for profligate spending and, again, a belated attempt to make amends for the harm already done to the welfare aspect of the country and the economy as a whole. We, as members of a good confessional, will accept the confession in that spirit, and hope that our temporary release from the guilt of the government will be accepted with humility.

Hon. Raymond J. Perrault: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Perrault, P.C., speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Perrault: Honourable senators, we have listened with interest to the spirited assault on this measure by the Leader of the Opposition and his deputy. It is never a happy process to bring in a measure which suggests the need for restraint and, indeed, enacts provisions which are going to reduce the level of public spending in some programs which have a certain amount of support in the country.

I was rather intrigued, however, to hear the last speaker, Senator Grosart, accuse the government of being finally drawn to the spirit of late repentance, and his suggestion that somehow this bill is severely retroactive. I would simply remind honourable senators that for one year the government has been attempting to drag the opposition, kicking and struggling, into the war against inflation through spending restraints, but it has not been possible to get the opposition to support the view that these restraints are necessary. Indeed, it is not the government which can be accused of being late converts to the view that restraint is required but, rather, the opposition. This measure is the second in a series of bills introduced by this government to cut back where possible on certain programs in this country.

Senator Grosart: Too late!

Senator Perrault: The program has been held up in the other place because of the absolute intransigence demonstrated by the opposition that certain cuts should not be effected. Indeed, the only condition under which this bill in its concatenated form comes before the Senate is because the opposition in the other chamber absolutely refused to accept the proposition that the full amount of cuts were required or necessary. And now we, as a government, are accused of being dilatory. We are accused of retroactivity and, indeed, had the measure been passed early in 1976, there would not have been very much retroactive about it. So I appeal to the traditional good sense of senators, and ask them not to accept the specious argument advanced by the Deputy Leader of the Opposition in this house.

We have been accused of sacrificing the well-being of Canadians for some sort of political target, some political advantage, either in the short term or the long term. I want to tell the members of this chamber that Canada today is conducting one of the most effective economic programs of any nation in the world, and put on the record some facts concerning the growth of the country's gross national product in real terms—and these are meaningful figures that really go far beyond the type of criticisms which we have heard this afternoon—after the "artificial" growth built into the dollar figures by rising prices has been eliminated.

In 1972, the country's real GNP stood at about $99.7 billion. In the following three years our real GNP expanded by 6.8 per cent, 3.2 per cent and 0.6 per cent respectively, so that last year it had risen to about $111 billion. According to the latest OECD forecast, our real GNP growth rate this year is likely to be about 4.8 per cent, which will bring it to about $116.5 billion. In other words, this country, under the toughest economic conditions facing the world since the 1930s—brought about, as honourable senators are aware, by the escalating cost of oil and energy—has managed to achieve during the four years from 1973 to the end of 1976 a real—not inflationary, but a real—GNP gain of about $16.8 billion.

To assess our performance on this score we must find out what our growth would have been if we had pursued different economic policies, and policies which included a program of rigorous restraint in the area of government spending. We would have to find out what the performance would have been if we had pursued different economic policies more or less similar to those adopted by other industrialized countries.

Senator Flynn: Like?

Senator Perrault: You all know that economic policy-making involves difficult choices on "trade-offs" between goals such as those of growth of output, price stability, expanding employment, government expenditure and so on. It should surprise no one, therefore, that other industrialized countries have made forecasts and trade-offs between economic goals somewhat different from ours. But were these choices any better than ours? We heard the criticism from the opposition today that we have done one of the worst jobs in the world in this country. To answer this question, let us see what would have been the real GNP gains in Canada if our national output had grown over the past four years at the same rates as those observed in other countries.

Only one country, Japan, has had a better growth performance than Canada since 1972.

Senator Grosart: Not true.

Senator Perrault: Only one country—and then only by a slim margin and at a comparatively high cost in terms of inflation and unemployment. If the Canadian economy had grown during those four years at the same rate as the Japanese economy, our real GNP gain would have been about $17.4 billion.

Comparisons with every other major industrialized country are highly favourable to us. The growth performance of France since 1972, for example, has been quite outstanding by OECD standards; yet if Canada had had the same year-to-year growth rates, its real GNP gains would have been lower by about $3.4 billion than what they have actually been. Similarly, if our GNP had increased at the same rate as that of Belgium or the Netherlands, our output would have been lower by more than $4 billion. If our economy had expanded at rates comparable to those of Italy or Sweden, we would have been lower by $6 billion; and if our economic policies had been more or less along the lines of those of the United States and the Federal Republic of Germany—the two countries which have had significantly lower rates of inflation than Canada—we would have lost $8 billion or more in goods and services. As for Britain, it is well known that it has been seriously lagging behind the OECD pack in growth rate. A Canadian GNP growth at British rates would have involved a loss of output of $11.6 billion. So much for the so-called "British disease" which, according to some of our critics, is supposed to be infecting the Canadian economy. I believe it is time these facts were put on the record of Parliament.

• (1500)

Let me turn, secondly, to inflation—

Senator Grosart: Before the government leader leaves that point, will he permit a question? Would he not agree that the largest single component of GNP is government spending? Is that not the largest single component?

Senator Perrault: It is part of the GNP, but may I suggest to the honourable senator that government spending, properly directed, can be of great benefit to the economy.

Senator Grosart: No question.

Senator Perrault: It can be of great benefit to the economy.

Let me turn to inflation. The opposition critics have said that the government has not encouraged restraint, that many of these programs were planned and have now been simply cancelled. That was the inference. The fact is that when a department, for example, holds the line on its spending for the present fiscal year in comparison with, say, the fiscal year 1975-76, with a 7.5 per cent inflation rate, there is a reduction in real dollars expended by that department, and that is a very real constraint because a number of departments have gone through that process. This is wholly apart from the measurable tangible cutbacks that are represented in Bill C-19.

With regard to inflation, we are all aware that our performance on this score, until the end of last year, was disappointing, at least by comparison with that of the United States and the relatively low rates of inflation which we had prior to 1972. That is why the federal government, in spite of its reluctance to interfere with economic decisions in the private sector, and particularly the wage bargaining process, introduced in the fall of 1975 a controls program which, while highly controversial, has without question been successful. The latest consumer price index figures published by Statistics Canada are most encouraging. The year-to-year increase in consumer prices registered last month was only 5.6 per cent, less than half the figure registered in November 1975, and the lowest recorded since 1972. One would assume that the opposition would rejoice with us in the achievement of this goal.

Senator Grosart: Did you say a 5 per cent increase?

Senator Perrault: A 5.6 per cent increase, and it is coming down.

Senator Grosart: In one month?

Senator Perrault: I said year-to-year. I said that the year-to-year increase in consumer prices registered last month was only 5.6 per cent.

Over the past four years, consumer prices have risen in Canada by about 41.4 per cent, a rate of increase which clearly cannot be sustained in the long-run if the economic expectations of Canadians are to be met. But there again, comparisons with the price performance of other OECD countries indicate that, relatively speaking, our experience has not been bad. Two countries have done much better than us—Germany with a four-year price increase of about 33 per cent, and the United States with an increase of about 35 per cent—but they have done so at great sacrifice in terms of GNP growth. Two other countries, Sweden and the Netherlands, have experienced a rate of inflation similar to ours, but they have done so at a much higher price in terms of lost output and employment. The other five major OECD countries have all suffered from much higher inflation than Canada since 1972. There has been a rate of price increase of about 70 per cent in the case of Japan, and in Italy consumer prices have more than doubled since 1972.

Honourable senators, I will not go through all the available statistical data, but it suggests that, through a combination of fiscal and monetary policy, the direction of government spend-

ing and efforts to achieve a measure of restraint in our economy Canada is meeting the world-wide economic challenge more successfully than almost any other country. Certainly we are among the top half-dozen countries in the world. I know it is always easy in opposition to demand cut-backs in expenditure, but what we have discovered through the travail which has been associated with this bill during the past twelve months is that all parliamentarians, while they appear to support the principle of restraint, find it very difficult to bring themselves to actually vote for restraint.

We need only look at how the taxpayers' money is spent in this country to see how dramatically little room there actually is for the federal government to bring about measurable and meaningful major reductions in the budget. Right off the top of a budget of $42.15 billion, for example, 21 per cent goes to other levels of government. There are medicare, the Canada Assistance Plan, hospital insurance, post-secondary education and shared cost programs. Does the opposition seriously suggest that we should take 25 per cent off those amounts that go to the provinces? Indeed, the political counterparts of our friends in opposition in this chamber were recently at a federal-provincial conference demanding a far larger chunk of federal government revenues and tax collections.

Senator Asselin: They were right.

Senator Perrault: If the full extent of those demands had been met one need only surmise what the effect would have been on the budget in the fiscal year 1976-77.

Secondly, 44 per cent of the budget is immediately taken away by old age security payments, family allowances and war veterans' allowances. Does the opposition really think this government is prepared to fight inflation on the backs of the veterans—

Senator Grosart: You have done it.

Senator Perrault: —and the families of Canada who need the money, and the old age pensioners? We are not prepared to do that.

Senator Grosart: You have done it.

Senator Perrault: We are not prepared to do that.

Senator Asselin: You have done it.

Senator Perrault: We are not prepared to do that.

Senator Grosart: You do it by this bill.

Senator Perrault: We are not prepared to do that.

Senator Asselin: It is in the bill.

Senator Perrault: We are prepared to continue our grants to those receiving family allowances, with indexation to resume in 1977.

Senator Flynn: Why did you stop it?

Senator Perrault: Honourable senators, this party has a record of introducing family allowances in the face of bitter opposition from the Conservative Party of Canada. One need only turn to the *Hansard* record of Parliament to see the old age pension described by one opposition parliamentarian as the first step towards red communism. That is the record.

Senator Asselin: The same old slogans.

Senator Perrault: As between the other levels of government and the payments to persons, we have 45 per cent of the budget immediately allocated to those essential programs which are not flexible enough to allow any federal government unilaterally to say they are going to cut back in any major way.

Senator Grosart: Except the cuts you have just made.

Senator Perrault: Then we come to subsidies and other transfers, 11 per cent, and oil import compensation. Incidentally, our friends in opposition who say how the budget has ballooned over the past ten years always ignore the fact that one of the recent major government expenses relates to the oil import compensation program to allow the cost of energy in this country to be reasonable for certain provinces. That is an item which has bounced up from $1 billion in 1968-69 to $4.1 billion. But no one in opposition is asking for that to be cancelled.

Senator Flynn: How much did you collect in taxes?

Senator Perrault: Then we have the railway subsidies. The opposition keeps on demanding that we not abandon any rail lines, that we increase our rail services to the small centres of Canada. They don't want that cancelled. They don't want the resource development programs cancelled either. They think that is all very valuable. They support that in principle. So already we have 56 per cent of the entire federal budget taken up.

Then we have crown corporations and the CBC deficit. An honourable senator suggested we should cut back on the CBC.

Senator Grosart: Who did?

Senator Flynn: I did.

Senator Perrault: Was it the CBC? Reference was made to the CBC. Then there are the St. Lawrence Seaway and other crown corporations.

With respect to the public debt, which accounts for 12 per cent or $4.65 billion, does the opposition seriously suggest that we renege on it? Then we have 9 per cent for national defence. The opposition says we are not spending enough money on national defence; we need more fighter planes and tanks, and we should expand—

(1510)

Senator Grosart: No.

Senator Perrault: Well, honourable senators have been saying this. So, what do we really come down to? We come down to a federal budget, and we can exercise restraint in respect of only 21 per cent of it. However, we have in that 21 per cent the Post Office deficit, all the public service salaries, capital expenditures, the cost of penitentiaries and the cost of Parliament. By means of this bill we are attempting to restrain expenditures in certain programs which experience has shown

may no longer be top priority. In the case of family allowances, it is with great reluctance that this action is taken.

Senator Flynn: It is not taken.

Senator Perrault: But, honourable senators, let no one delude himself that it is an easy process. It has not been easy for the provinces to engage in this process of cancellation of programs and restraint.

Senator Flynn: It was imposed by the federal government.

Senator Perrault: It has not been easy for the federal government, but in the next fiscal year—I repeat this once again—it is hoped that the increase in expenditure can be around 11 per cent, and that it will continue to decrease until it roughly matches the increase in the GNP.

The honourable senator said that next year 11 per cent may not be the increase in the gross national product. He could be entirely right. It depends on the general economic situation of the world and the position of our trading partners. However, I urge all honourable senators to give their support to this measure, to give it the kind of support it deserves. Indeed, had this measure come before Parliament and been dealt with by Parliament earlier in the year, we would have saved the Canadian taxpayer many millions of dollars which can no longer be saved because we have missed certain time deadlines, such as July 1 for the training program.

Senator Flynn: I do not know how you were able to do that with respect to family allowances, and not with respect to other items.

Senator Perrault: Honourable senators, reference was made to the role of the Auditor General. It is very refreshing, however, to know that we have in Canada at the present time a government which is not afraid to have an auditor general, and not afraid to provide him with the resources which he requires to probe government finances.

Senator Flynn: That is new.

Senator Perrault: I remember that when the present Auditor General was appointed the opposition said, "Oh, he's probably nothing but a government front; he will do his best to provide cosmetic protection for the government."

Senator Flynn: That's what you were hoping.

Senator Perrault: It is a different tune now.

Senator Flynn: You are disappointed, are you not?

Senator Perrault: I would suggest that if the Auditor General finds some spare time—which may not be possible for him—we lend him to some of the Conservative and NDP provincial governments in this country who have been fighting the idea of an auditor general for years.

Senator Flynn: Do you not think you have enough on your hands without giving advice to provincial governments?

Senator Perrault: I intend to give no advice to provincial governments.

Senator Flynn: That is what you are doing.

Senator Perrault: But, senator, I believe you would agree with me that it would be useful—

Senator Flynn: Why?

Senator Perrault: All I am saying is that it would be useful if all Canadian taxpayers—municipal, provincial and federal—had the benefits of the office of an auditor general to make sure that their dollars are spent efficiently.

Senator Flynn: They may not need it as much as the present government, though.

Senator Perrault: That is a theory to which I do not subscribe.

Senator Grosart: You could not spare him; he has too much work to do.

Senator Phillips: Think of all the royal commissions you could have.

Senator Perrault: The concept of a royal commission has been hailed by Mr. Macdonell, a person for whom you have great respect, and for whom we on this side have respect.

Senator Flynn: But you do not agree with the recommendations he makes.

Senator Perrault: Honourable senators, I have spoken sufficiently with respect to this particular measure.

Senator Flynn: You have spoken too much.

Senator Perrault: Honourable senators, I urge your support for this bill which strives earnestly to meet some of the objectives with which we all agree.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Perrault moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator McGrand:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour

in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

That the Committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and

That the Committee have power to sit during adjournments of the Senate.

Hon. Jean-Paul Deschatelets: Honourable senators, when I adjourned this debate last week I forgot that I had already spoken in it, as reported at page 191 of *Hansard*. However, I do have a few remarks I should like to add.

Senator Flynn: I do not mind, but it is strange that you should have forgotten and that we also should have forgotten. You may as well speak.

Senator Deschatelets: Senator Flynn, I must tell you very frankly that I am more concerned about the fact that you have forgotten my remarks.

The Hon. the Speaker: The honourable senator is not registered as having spoken.

Senator Flynn: Agreed.

[*Translation*]

Senator Deschatelets: Honourable senators, I will be very brief. I went over *Hansard*, particularly the remarks by Senator McGrand and other honourable senators who took part in this interesting debate. One thing is sure, and this can be seen in all the speeches that were made on this motion. We are faced here with one of the most complex, the most difficult problems to have been referred to one of our committees. But I believe that such complexity must not prevent us from thinking that if there is a body in this country which can shed a bit of light on this issue of violence in society and the sources of crime, it is indeed one of the standing committees of the Senate of Canada. That is why I am confident that honourable senators, even those who hesitate because of the complexity of the problems, will not hesitate to entrust the Senate Committee on Health, Welfare and Science with the task of studying this problem.

There is another point I want to mention. This has to do with the last paragraph of the speech by Senator McGrand, as reported at page 191 of the English version of *Hansard*, and I quote:

[*English*]

> Honourable senators, don't worry about the cost of this proposed investigation. It will not be very much. We will not need a staff of researchers; the committee will not travel from place to place. The Auditor General will never find fault with or question expenses incurred by this committee.

I would like to say to Senator McGrand that I appreciate his humility, but I do not agree with this statement. I am of the opinion that this inquiry is necessary. If we feel that one of our most important standing committees should inquire into this matter, we should not be afraid of the expenses which might be incurred.

● (1520)

Many honourable senators who have spoken on Senator McGrand's motion have said that the committee will be pioneering if it investigates this difficult problem. I am sure that if it is permitted to undertake the inquiry, its recommendations will open new avenues of research for other organizations such as universities, and so on. An inquiry such as this can best be undertaken by a standing committee of the Senate. If we decide to agree with Senator McGrand's proposal, I hope that the committee will be given the tools to enable it to make recommendations that will be beneficial to our society.

On motion of Senator Petten, debate adjourned.

NATIONAL FINANCE

NOTICE OF COMMITTEE MEETING

Senator Perrault: Honourable senators, I am informed that the Standing Senate Committee on National Finance will meet in room 356-S after the Senate rises today.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 22, 1976

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation in the collective agreement between The Health Labour Relations Association of British Columbia and their employees, represented by the Hospital Employees Union, Local 180, dated December 13, 1976.

Copies of the "Canada Year Book, 1975".

Report of the Minister of Industry, Trade and Commerce under the Corporations and Labour Unions Returns Act (Part II, Labour Unions) for the fiscal periods ended in 1974, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

GOVERNMENT EXPENDITURES RESTRAINT BILL

REPORT OF COMMITTEE

Senator Sparrow, Deputy Chairman of the Standing Senate Committee on National Finance, reported that the committee had considered Bill C-19, to amend or repeal certain statutes to enable restraint of government expenditures, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Perrault: Honourable senators, with leave, I move that the bill be read a third time now.

Senator Flynn: Leave is not granted at this time. I suggest that the question be put as the first order of the day. I want to know what is planned before I grant leave.

Senator Greene: We cannot perform miracles in here.

Senator Flynn: You are certainly not able to do that.

Senator Perrault: There is no objection to that procedure.

The Hon. the Speaker: Honourable senators, with leave, it is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois, that this bill be read a third time later this day.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

PROVINCE OF QUEBEC

AREA AND BOUNDARY—NOTICE OF INQUIRY

Senator Carter: Honourable senators, I give notice that I will inquire of the government on Monday, January 17, 1977, as follows:

1. What is the present area of the Province of Quebec?

2. What was the area of the province at the time of Confederation?

3. How is the present boundary of Quebec defined?

4. What changes have been made in the boundary of Quebec since 1867?

5. What are the instruments and authorities that give effect to these boundary changes?

Senator Flynn: When is this going to be discussed? I did not hear the date proposed by the honourable senator.

Senator Asselin: Will it be this afternoon?

Senator Carter: January 17.

Senator Flynn: We might not be here.

Senator Asselin: We won't be here.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, February 1, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to add that this date was chosen having regard to the progress made in the other place with the legislative program, which indicates that there will be no legislation before us when the other place reconvenes on January 24. Of course, this proposed adjournment date is subject ot the Senate's being recalled should any legislation come to us from the other place, or from other sources, before February 1 next.

● (1410)

Senator Flynn: That is legislation of certain importance. I wonder whether Senator Carter would object to this date in view of the fact that he proposed a very important topic of discussion for January 17?

Senator Greene: It will be a solo.

Senator Perrault: Honourable senators, may I explain that there has been a measure under discussion in the other place with respect to metric conversion and the application of certain

metric measurements to the grain industry. It is hoped that this legislation will come before us during the first week in February. There is a possibility that we could get it sooner. In any event, the Leader of the Opposition and I can keep in touch with respect to this matter, and perhaps a debate could be arranged for January 31.

Senator Flynn: I understand that the government has abandoned the idea of having Bill C-22 passed before the end of the year. Will that cause any problem with regard to taxpayers completing their income tax returns before this bill has received royal assent?

Senator Perrault: Honourable senators, the government never abandons hope for any piece of legislation.

An Hon. Senator: Hope springs eternal.

Senator Perrault: Yes, hope springs eternal. There is not encouraging likelihood that the legislation will be debated before the end of the year. The government awaits the determination of Parliament with respect to that legislation. Presumably, it will be debated in the other place after January 24.

Senator Carter: Honourable senators, with respect to the point raised by Senator Flynn, regarding the date of my inquiry, I have been advised that the date that will appear on the order paper is perfectly proper. However, if honourable senators prefer, I will gladly amend it to the date of opening.

Senator Grosart: Forget it.

Senator Flynn: You do not have to amend it. I was just wondering if you wished the Senate to return especially to discuss your inquiry.

Senator Carter: It would not be a bad idea.

Motion agreed to.

AIR TRANSPORTATION

REPORT OF 1970 AIR TRAFFIC CONTROL OCCUPATIONAL STUDY—BILINGUALISM IN AIR COMMUNICATIONS—QUESTION

Senator Flynn: Is there any reply to the question posed yesterday by Senator Asselin?

Senator Perrault: Honourable senators, I regret to say that I do not have the necessary information available to answer the important question posed by Senator Asselin.

Senator Denis: January 17.

Senator Flynn: It will likely be an anti-climax.

GOVERNMENT EXPENDITURES RESTRAINT BILL

THIRD READING

Senator Perrault moved third reading of Bill C-19, to amend or repeal certain statutes to enable restraint of government expenditures.

Hon. Jacques Flynn: Honourable senators, I promise that I will not keep you very long.

Senator Greene: Hear, hear.

Senator Flynn: Yesterday I thought similar applause came from Senator Buckwold, but someone told me that it was the usual applause from Senator Greene. Now he confirms that. I hope that he will ask another question today. As I have observed previously, I always like the questions Senator Greene asks because they help me to make my point and to clarify the situation for him. I am not entirely satisfied that it clarifies the mind of Senator Greene, but it may help me if it does not help him.

Senator Greene: If it helps you, I think it is worthwhile.

Senator Flynn: There are many ways of helping in this place. You have your own, which is very special and, I might add, very peculiar.

Arising out of the study of the bill in committee, and for other reasons, I should like to make a few comments. The first concerns the statement made by the government leader when he introduced the bill. He said at least twice in his remarks that because of the delay in the adoption of the bill—a delay caused by prolonged debate in the other place—the government was forced to spend more than it had intended to. I quote now from page 254 of *Debates of the Senate* for Tuesday, December 21, 1976:

> I would comment just briefly on the proposed substitution of these new sections 7 and 8 in the Adult Occupational Training Act. The hope was to have this measure passed earlier in the year. Parliament in its wisdom decided that it was an important measure—which it is—and this resulted in a long debate. Senators will recall that it had not been found possible to pass the predecessor bill, Bill C-87, before the summer recess, so additional expenditures of $20 million in this fiscal year were made necessary.

Later in his speech, at page 255, Senator Perrault said:

> It was expected that the predecessor bill would result in a saving of $45 million for the fiscal year 1976-77. That bill, of course, because of prolonged debate in Parliament—

I again underline the words "prolonged debate in Parliament", and I interjected to say "In the other place". Senator Perrault replied:

> Yes, in the other place. In any event, it was not proclaimed. As a result, the expected saving was not realized. There will be something in the order of a $15 million phase-out cost in the fiscal year 1977-78—

I was not too sure about the "prolonged debate," but I could not dispute the statement at that time. However, I checked and found that Bill C-87 was introduced in the House of Commons on March 8, 1976 and that it was never brought up for discussion in the last session. So, to say that it was impossible for the government to give effect to these reductions in spending because of a prolonged debate on Bill C-87 is, in my opinion, entirely false. The record should make that point very clear.

The facts concerning the problem of the Adult Occupational Training Act are that the first bill, Bill C-87, provided in clause 16 that section 2, which is the one in question:

> shall come into force or be deemed to have come into force on April 1, 1976.

That provision was changed in Bill C-19 to read:

> Section 2 shall come into force on July 1, 1977.

So it is very interesting to note that if they had not changed the bill in this respect, these sums of money could have been saved, and it is only because Bill C-19 was changed to provide that "Section 2 shall come into force on July 1, 1977"—precisely the date when the minister had to make a decision on the increase and the amounts—that it made it possible for the government to increase the amount and impossible for them to realize any savings.

The record should be clear that if there was no saving, it was not because of Parliament. It was because of the decision of the government not to bring the bill before the House of Commons during the last session, and because of the change made in Bill C-87 of the last session before it was reintroduced as Bill C-19 in this session. Nobody in the government can with any validity claim that the expenditure of the $20 million—money which was not saved for this current year—is due to a prolonged debate in the House of Commons; it was due to the inaction of the government and to the decision to change Bill C-87 to provide those things that are provided in Bill C-19 now before us. I think that that should be made clear.

● (1420)

Now, with regard to our study of this bill in committee, it was also made clear, for instance, that other provisions did not mean much. As far as family allowances are concerned, the government is saving the amount it would have had to disburse during the year 1976 which is roughly $170 million, after deducting the income tax payable on family allowance increases. It saved this amount, but again it saved it only for that year because we are resuming the indexing of family allowances. So the principle involved in the freezing last year in Bill C-87 has been completely abandoned.

With respect to Information Canada, the committee could not clarify whether the jobs which were eliminated by the abolishing of Information Canada were not in the end paid for by filling vacancies in information services in various departments. But I suggest to you that the figures I put on the record yesterday as far as this is concerned suggest that there was no real saving there.

With regard to the Western Grain Stabilization Act, it was also made clear in committee that this was merely postponing the payment to the account from the Consolidated Revenue Fund of certain sums of money. But no gain was made there, none at all. It simply meant the government was considering as an account payable during the present fiscal year a sum of $68 million, an account payable but not paid. Therefore, a reduction in expenditures was realized for that year by postponing this amount to future fiscal years. But, if you keep an account payable and you do not pay it, you are not getting richer; you are not spending less, because in the end it must be paid. I think the study by the committee of this bill has shown what I have said and what others have said, that is, that this bill is nothing more than window dressing. It means virtually nothing. It is a piece of pure propaganda, a shameful part of the PR program outlined when the anti-inflation program was announced to Parliament and to the Canadian people.

Nobody should entertain any illusions as to the real effectiveness of this legislation. It is a base attempt at convincing the Canadian people that the government is doing something in the way of spending restraint when in reality it was merely abandoning programs which had to be abandoned one way or the other. Whether restraint was the order of the day or not, Information Canada and the Company of Young Canadians had to go. Therefore, their abandonment means absolutely nothing. The government saves a few dollars, but it is not doing what it told the Canadian people it would do; in fact, it is not even trying.

Hon. Raymond J. Perrault: Honourable senators, I had not expected this intervention at this time by the Leader of the Opposition—

Senator Flynn: You should have.

Senator Perrault: —but he certainly has every right to intervene. No one will dispute the fact that this bill has had a difficult gestation period—

Senator Flynn: Gestation?

Senator Perrault: —as have many measures in Parliament during the past few months. Without any question at all there have been long and unforeseen delays in the consideration of many bills by Parliament generally, including Bill C-19 and its predecessor, and this has led to substantially less than had been anticipated would be saved by this package of restraints that we have before us for consideration now. It was not possible to meet the initial target date of July 1, 1976, with respect to the Adult Occupational Training Act, and no amount of obfuscation by the Leader of the Opposition will change that fact.

I do not want to be unkind or uncharitable, but I do want to be factual. Under the present act, training allowances are increased annually on July 1, as the honourable senator is aware, in accordance with the increase in the manufacturing wage index for the previous calendar year. Bill C-19 provides for the repeal of this provision, and its replacement by a section which would authorize the minister to pay to every adult being trained in an occupational training course authorized under the act a training allowance related to the family circumstances and living costs of that adult at a rate determined as prescribed by the regulations, and so on. Had it been possible to get the support of Parliament for the predecessor bill—

Senator Flynn: You did not ask for it.

Senator Perrault: —there would have been a substantial saving as of July 1, 1976, without any question.

Senator Asselin: That was not discussed at all.

Senator Grosart: Was there prolonged debate on that bill—yes or no?

Senator Perrault: There has been prolonged debate in Parliament. There has been prolonged debate on Bill C-19. I would ask honourable senators to review the record of debate in the other place—

Senator Flynn: You should have done that the other day.

Senator Perrault: —where they will see that in actual fact the opposition refused to allow this bill to move forward unless the clause with respect to railway movements and subsidies for flour and grain exports from east coast ports—

Senator Grosart: False!

Senator Perrault: —unless that clause was stricken from the bill.

Senator Grosart: Was there long debate—yes or no?

Senator Perrault: Too much debate, honourable senators, too much debate.

Senator Grosart: Was there prolonged debate—yes or no?

Senator Perrault: There has been prolonged debate in the other place on a number of measures.

Senator Grosart: I am asking about this bill.

Senator Perrault: Yes, I would say so, certainly in my judgment.

Senator Flynn: Hah, hah!

Senator Perrault: We have before us an important measure with respect to income tax, and the opposition steadfastly refuses to let that bill be considered by Parliament.

Senator Flynn: Not the official opposition.

Senator Perrault: Before the recess.

Senator Flynn: Speak of this bill.

Senator Perrault: I simply believe that those facts should be put on record.

So far as withholding information about Information Canada, the assurance was given to the Leader of the Opposition in committee yesterday, and certainly the other day when I spoke on behalf of the government, that the relocation of certain members of that Information Canada staff has been totally consistent with the general employment guideline established for the public service, and that is that there will be no more than a 1.5 per cent increase in the current fiscal year. It meets all of the budgetary requirements of the government during this program of restraint. Not all of the employees have been relocated. With respect to employees in the rural areas, something like 30 per cent of them have been relocated; the others have either had to find employment outside the public service or have been unable to find employment at all. I understand that the figure in the urban centres, where there have been Information Canada offices, runs at around 70 per cent.

There has been criticism of the Western Grain Stabilization Act. The government has never said any more about the act than that it authorizes the Minister of Finance to postpone crediting amounts in the consolidated revenue fund to the stabilization account until a later time, at which time accrued interest will also be credited. But that may or may not, depending on the price of grain, represent an expense so far as the taxpayers of Canada are concerned.

• (1430)

Senator Flynn: Window dressing.

Senator Grosart: No restraint.

Senator Flynn: Honourable senators, I think the Leader of the Government should admit that there was no debate on Bill C-87, and Bill C-19 was only brought forward in the other place on November 1 last. His position that there has been a prolonged debate does not stand as far as this bill is concerned.

Senator Perrault: Honourable senators, I am certainly not accusing the opposition in this chamber of indulging in a prolonged debate. In fact, I think the debate in this chamber has been a very responsible one. I will certainly undertake to review the record of debate in the other place.

Senator Flynn: You should have done so before today.

Senator Perrault: We must look to this session as a whole to determine whether there has been a tendency on the part of the opposition to help expedite the legislative program of the government or whether there have been efforts made to slow down debate in a number of areas leading to delays in the implementation of important legislation, some of which means tax savings for the Canadian people.

Senator Flynn: There was no priority given this bill.

Senator Grosart: That is not what you said.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Flynn: On division.

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that she had received the following communication:

GOVERNMENT HOUSE
OTTAWA

December 22, 1976

Madam,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his

capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 22nd day of December, at 5.45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière,
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

The Hon. the Speaker left the Chair.
Hon. Maurice Bourget, P.C., in the Chair.

THE LATE OLIVE E. DIEFENBAKER

TRIBUTES

Hon. Raymond J. Perrault: Honourable senators, it is with profound regret that I rise to inform the Senate that Mrs. John Diefenbaker has just passed away. I know that all members of this house will wish to join with me in expressing to the Right Honourable John Diefenbaker and relatives of the family our profound regret at this unhappy circumstance.

Hon. Jacques Flynn: Honourable senators, one rarely meets a woman as nice as Mrs. Olive Diefenbaker. I join with the Leader of the Government and, I am sure, all honourable senators, in extending to the former Prime Minister, the Right Honourable John Diefenbaker, our heartfelt condolences.

Hon. Sidney L. Buckwold: Honourable senators, as a close personal friend of Mrs. Diefenbaker's, I feel I should take this opportunity to express my regrets at her passing and extend my condolences to the former Prime Minister.

As the Leader of the Opposition indicated, Mrs. Diefenbaker was, without a doubt, one of God's chosen people. Her like is very difficult to find on this earth. It is a profound shock to all of us to know that she has passed away. We will miss her very much.

Hon. F. Elsie Inman: Honourable senators, I should like to join with others in expressing my sympathy for Mr. Diefenbaker at this time. I was very fond of Mrs. Diefenbaker, and we were great friends. I extend sincere condolences to Mr. Diefenbaker and Mrs. Diefenbaker's daughter and family.

Hon. Allister Grosart: My friends, as one who had perhaps as much reason as any, and possibly more than most, to admire Olive Diefenbaker, I have to say that it was with great sadness of heart that I heard the news of her death a few minutes before the Leader of the Government rose to inform the Senate.

Close association with John and Olive Diefenbaker provided for me one of the most beautifull examples of the kind of man-woman relationship that I am sure we would all like to see more of in our country.

One's thoughts go, of course, to Mr. Diefenbaker. I remember very well how he was affected by the loss of his mother some years ago. It was a great blow, in the light of the filial affection that had developed over many years, and it was a blow that it took him a good many days, if not weeks, to accommodate. I know how he will feel at this moment.

While the passing of Olive Diefenbaker was not entirely unexpected in recent times, I know that Mr. Diefenbaker always believed that Olive would live beyond him. The coming days without her will be hard ones for him. If it is of help to him, as I am sure it will be, we want him to know that in this hour of his great affliction he will have the sympathy and understanding of all Canadians.

Hon. David Gordon Steuart: Honourable senators, I would like to join with those who have already expressed their deep regrets at the passing of Olive Diefenbaker, and to extend, with them, my condolences to John Diefenbaker.

My wife and I were neighbours of the Diefenbakers for many years. Mrs. Diefenbaker was a close friend of our family's, and, as has been said, a courageous, fine and gracious woman. I am shocked, as is everyone else, at this news, and also very concerned and regretful about the effect it will have on that great Canadian, John Diefenbaker. I join with all other senators, and I am sure every Canadian, in expressing to him our condolences and regrets at the passing of this wonderful Canadian lady.

Hon. Herbert O. Sparrow: Honourable senators, may I associate myself with the remarks that have been made and the tributes that have been paid to the memory of Mrs. Diefenbaker, and, at the same time, extend my sincere regrets and condolences to John Diefenbaker. We from Saskatchewan, regardless of our political faiths, have always considered Olive and John Diefenbaker as our very own, though we were happy to share them with the rest of the country, and, of course, the world.

Mrs. Diefenbaker shared with her husband the distinction of being a great Canadian. She was a strength not only to John Diefenbaker, but to every one of us, as parliamentarians and Canadians.

• (1440)

Hon. Alan A. Macnaughton: Honourable senators, it has been my great advantage over the years to have known Olive Diefenbaker as the wife of the Prime Minister of this country, and also to have had many close dealings with her when she was the wife of the Leader of the Opposition. I have never met a person who was so kind, gentle and considerate in very difficult times, so I wish to join with other senators in paying our small tribute.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Bora Laskin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bill:

An Act to amend or repeal certain statutes to enable restraint of government expenditures.

The House of Commons withdrew.

The Deputy of His Excellency the Governor General: Honourable members of the Senate, I extend to you the greetings of the season.

[*Translation*]

I wish you a Happy New Year.

The Hon. the Speaker: Right Honourable Chief Justice, I thank you very much on behalf of all honourable senators.

[*English*]

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, February 1, 1977, at 8 p.m.

THE SENATE

Tuesday, February 1, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Mr. Pietro Rizzuto has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced, presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Honourable Pietro Rizzuto of the City of Montreal, Quebec, introduced between Honourable Raymond J. Perrault, P.C., and Honourable M. Lamontagne, P.C.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1967, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

[*English*]

CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-15, to amend the Customs Tariff.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault: With leave of the Senate, I move that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

EXCISE TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to amend the Excise Tax Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault: Honourable senators, I move that the bill be placed on the Orders of the Day for second reading on Thursday next.

Senator Flynn: Is the Leader of the Government afraid to give us too much work tomorrow?

Senator Perrault: The government is always mindful of the onerous responsibilities which bear upon the opposition.

Senator Flynn: Apparently it is the other way around tonight.

Motion agreed to.

• (2010)

CANADIAN PARLIAMENTARY GUIDE

CORRECTIONS TO BIOGRAPHIES—SUBMISSION DATE

The Hon. the Speaker: Honourable senators, I have received inquiries about the time limit for corrections to biographies which appear each year in the *Canadian Parliamentary Guide*. I have looked into the matter and I am now in a position to inform the Senate that any such corrections or new biographies should be forwarded in writing before February 15, 1977, to the following address:

Canadian Parliamentary Guide,
P.O. Box 3453,
Station "C",
Ottawa, Ontario, K1Y 4J6.

Senator Flynn: Honourable senators, since Her Honour the Speaker has mentioned the *Canadian Parliamentary Guide*, may I say that it has occurred to me for a long time that something should be done about improving that publication. I was wondering if Madam Speaker, and perhaps the Standing Committee on Internal Economy, Budgets and Administration, could examine what should be done in this respect. It seems to me that, generally speaking, it is badly presented. Since both Houses of Parliament provide some funds for its printing, I think we should have something to say about it on occasion. It has followed the same pattern for I don't know how many years—probably ever since it was first published—and it is about time it was revamped and reviewed.

Senator Lamontagne: Do you think we are too humble?

Senator Flynn: No, not necessarily. I know that many biographies could be cut in half, or even to one-third their present length.

Senator Perrault: Honourable senators, there is certainly no objection from this side to that proposal. Of course, the *Canadian Parliamentary Guide* is essentially a private, independent publication. However, I am sure the editor would welcome any suggestion honourable senators may wish to make.

Senator Flynn: It is a private publication, but it is financed by Parliament.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report to the Minister of Industry, Trade and Commerce entitled "How to Improve Business-Government Relations in Canada", dated September 1976, prepared by the Task Force on Business-Government Interface (Roy MacLaren, Esquire—Chairman).

Copies of document entitled "Information Provided by the United States Federal Bureau of Investigation on the Investigation of the Death of Anna Mae Aquash", issued by the Department of External Affairs on December 22, 1976.

Copies of hydrographic maps relating to fishing zones of Canada, dated January 1, 1977, issued by the Department of External Affairs.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. La Compagnie d'Assurance Générale de Commerce, Saint-Hyacinthe, Québec and the group of its "Employés de bureau". Order dated December 15, 1976.

2. La Compagnie d'Assurance Générale de Commerce, Saint-Hyacinthe, Québec and the group of its "Directeurs and sous-directeurs". Order dated December 15, 1976.

3. The Frontenac County Board of Education, Kingston, Ontario and the group of its elementary school teachers represented by The Frontenac County Women Teachers' Association and Frontenac District of the Ontario Public School Men Teachers' Federation. Order dated December 17, 1976.

Copies of Order in Council P.C. 1976-2826, dated November 18, 1976, amending Schedule I to the Canada Grain Act, effective February 1, 1977, pursuant to section 15(6) of the said Act, Chapter 7, Statutes of Canada, 1970-71-72.

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1976, pursuant to section 7 of the Fisheries Prices Support Act, Chapter F-23, R.S.C., 1970.

Report of the Superintendent of Insurance on the administration of the Investment Companies Act, for the fiscal year ended March 31, 1976, pursuant to section 27(1) of the said Act, Chapter 33, Statutes of Canada, 1970-71-72.

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Property and Casualty Insurance Companies, for the year ended December 31, 1975, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

Report on the administration of Part I of the Royal Canadian Mounted Police Superannuation Act for the fiscal year ended March 31, 1976, pursuant to section 26 of the said Act, Chapter R-11, R.S.C., 1970.

Copies of letters from the Prime Minister of Canada to the Premiers of the provinces concerning patriation of the Constitution, with draft resolution attached thereto, dated January 19, 1977.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. Peterborough County-City Health Unit, Peterborough, Ontario and the group of its employees constituted by Public Health Nurses, represented by the Ontario Nurses' Association. Order dated December 31, 1976.

2. Township of Dummer, Warsaw, Ontario and the group of its road employees. Order dated December 31, 1976.

3. The Dryden Ontario Board of Education, Dryden, Ontario and the group of its senior administrative staff. Order dated December 30, 1976.

4. The Corporation of the Town of Dryden, Ontario and the group of its executive employees. Order dated December 30, 1976.

5. The Trillium Villa Nursing Home, Sarnia, Ontario and the group of its employees represented by The Christian Labour Association of Canada. Order dated January 7, 1977.

Report of the Canadian Dairy Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 22 of the Canadian Dairy Commission Act, Chapter C-7, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the month of October 1976, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of operations under the International River Improvements Act for the year ended December 31, 1976, pursuant to section 10 of the said Act, Chapter I-22, R.S.C., 1970.

Report of the Canada Labour Relations Board for the fiscal year ended March 31, 1976, pursuant to section 210(2) of the Canada Labour Code, Chapter 18, Statutes of Canada 1972.

Report on the administration of Allowances for Blind Persons in Canada for the fiscal year ended March 31, 1976, pursuant to section 12 of the Blind Persons Act, Chapter B-7, R.S.C., 1970.

Report on the administration of Allowances for Disabled Persons in Canada for the fiscal year ended March 31, 1976, pursuant to section 12 of the Disabled Persons Act, Chapter D-6, R.S.C., 1970.

Report of Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 13(1) of the Canadian Commercial Corporation Act, Chapter C-6, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1975, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

Copies of Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Canadian Linen Supply Company Limited, Saskatoon, Saskatchewan and their employees represented by The Retail, Wholesale and Department Store Union, Local 558, dated January 13, 1977.

2. A. V. Carlson Construction Ltd. and their superintendents, dated January 13, 1977.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between Texaco Canada Limited and the group of its employees which are represented by the Fuel, Bus, Limousine, Petroleum Drivers and Allied Employees Local Union No. 352, Affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America. Order dated January 18, 1977.

Report of Crown Assets Disposal Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 14 of the Surplus Crown Assets Act, Chapter S-20 and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1976, pursuant to section 13 of the Department of National Health and Welfare Act, Chapter N-9, R.S.C., 1970.

Annual Report to the Governments of the United States and Canada by the Columbia River Treaty Permanent Engineering Board for the period October 1, 1975 to September 30, 1976. (English text).

Report of the Department of Industry, Trade and Commerce for the fiscal year ended March 31, 1976, pursuant to section 8 of the Department of Industry, Trade and Commerce Act, Chapter I-11, R.S.C., 1970.

Report of the Department of Indian Affairs and Northern Development for the fiscal year ended March 31, 1976, pursuant to section 7 of the Department of Indian Affairs and Northern Development Act, Chapter I-7, R.S.C., 1970.

Report of the Ministry of State for Urban Affairs for the fiscal year ended March 31, 1976, pursuant to section 22 of the Ministries and Ministers of State Act, Part IV of Chapter 42, Statutes of Canada 1970-71-72.

Report of the Department of Manpower and Immigration for the fiscal year ended March 31, 1976, pursuant to section 5 of the Department of Manpower and Immigration Act, Chapter M-1, R.S.C., 1970.

Report of the Department of the Solicitor General for the fiscal year ended March 31, 1976, pursuant to section 5 of the Department of the Solicitor General Act, Chapter S-12, R.S.C., 1970.

Report of the Minister of Industry, Trade and Commerce under the Corporations and Labour Unions Returns Act (Part I, Corporations) for the fiscal periods ended in 1974, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

Report of the Department of Supply and Services, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 12 of the Department of Supply and Services Act, Chapter S-18, R.S.C., 1970.

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 23 of the Canada Council Act, Chapter C-2, R.S.C., 1970.

CONFEDERATION

PROPOSED SPECIAL JOINT COMMITTEE TO EXAMINE MATTERS OF MUTUAL INTEREST TO ALL CANADIANS—NOTICE OF INQUIRY

Senator Cook: Honourable senators, with leave of the Senate, I give notice that tomorrow, Wednesday, February 2, 1977, I will call the attention of the Senate to matters of interest concerning Labrador and also to the desirability of establishing a special joint committee of the Senate and the House of Commons to examine matters of mutual interest to all Canadians whether they reside in Quebec or elsewhere in Canada.

The Hon. the Speaker: Honourable senators, is leave granted?

Senator Flynn: This matter appears to be so urgent that I think we have to give leave.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, February 2, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

AIR TRANSPORTATION

REPORT OF 1970 AIR TRAFFIC CONTROL OCCUPATIONAL STUDY—BILINGUALISM IN AIR COMMUNICATIONS—QUESTION ANSWERED

[*Translation*]

Senator Asselin: Honourable senators, on December 21, 1976, I asked the Leader of the Government an important question which concerned mainly a report submitted in 1970 by the advisers of the Department of Supply and Services of Canada claiming that bilingualism in the air is a safety factor. The next day, I think, the Leader of the Opposition asked whether the Leader of the Government was in a position to answer my question.

Since we had a month's holiday, and since the Leader of the Government must have put his advisers and researchers to work, I wonder if he can give his answer tonight.

Senator Perrault: Of course, the officials of the Department of Transport were aware of the document long before they started to try formally to find procedures to allow for the use of both languages in the control of air traffic in the province of Quebec.

[*English*]

Honourable senators, following the original study, transport safety officials began to look at the practical use of the two languages and determined that it, indeed, was an important improvement in safety when the two languages could be made available because, of course, the pilot would be able to communicate with the air traffic controller in his first language. That principle, however, was always applied with great care in that the government insists upon the maintenance of the high standard of safety which we have come to know and appreciate throughout this country, and this is how we have proceeded with the matter since.

In 1969, an air traffic control occupational study was initiated. Of the subjects to come under study, the question of bilingualism in air traffic services operational environments was discussed and resulted in a number of recommendations, which were later referred to a special air traffic control implementation team for review and action. This, in fact, led to the eventual formation of the task force on bilingualism known as project BILCOM.

[*Translation*]

If you wish I would be glad to obtain for you the 74-81 recommendations of the Lisson study on bilingualism. However, the study was for internal and confidential use and must remain so.

[*English*]

I would be pleased to make available, however, on a private basis, to the honourable senator some of the more detailed information which he may wish to have.

Senator Asselin: I would be very pleased to receive this report, because I need it to prepare some work during this session with respect to this very auspicious subject.

Senator Perrault: I would be pleased to make that available to the honourable senator.

● (2020)

PATRIATION OF THE CONSTITUTION

LETTERS FROM PRIME MINISTER TO PROVINCIAL PREMIERS—QUESTION

Senator Forsey: Honourable senators, I wonder if I might ask the Leader of the Government whether he has considered making available, attached to the *Minutes* of today's date or in *Hansard,* the letters from the Prime Minister to the Premiers of the provinces with regard to patriation of the Constitution. It is very nice to have them tabled, but I think it might be useful for some of us to have them easily available in the record of this house.

Senator Perrault: Honourable senators, those letters, of course, were tabled a few moments ago along with other documents. Is the honourable senator suggesting that they be printed as an appendix to the *Debates of the Senate* for today?

Senator Forsey: That is what I am suggesting. They would be more easily available, I think, to most of us if they were attached or printed as an appendix to today's *Minutes,* if that is not inconvenient or too expensive.

Senator Flynn: I do not object but, if I am not mistaken, I found copies of those letters in my mail. It would simply be an additional expenditure.

[*Translation*]

Senator Forsey: You are luckier than I, honourable senator.

Senator Flynn: In that case, I would gladly lend my copy to Senator Forsey. Not being an expert myself, I merely try to remember the essence of the proposals.

[*English*]

Senator Perrault: If it is the wish of honourable senators that the contents of these letters form part of the permanent printed record of the deliberations of the Senate, and leave is granted, certainly there is no objection on the part of the government to having them printed as an appendix to the proceedings of today's date.

Senator Flynn: I was not objecting. However, given these times of austerity and financial constraint, I was merely trying to save a few dollars of the taxpayers' money. If the government continues in this vein, I can understand the public's doubt as to its intention to exercise restraint in the fiscal area.

Senator Perrault: I appreciate the honourable senator's desire to conserve newsprint, but if honourable senators wish to see these important letters printed as an appendix to the *Minutes of the Proceedings* of today's date the government would be pleased to support such a proposal.

Senator Sparrow: Leave is not granted.

Senator McIlraith: Honourable senators, since there is no formal motion before the house at the moment, I wonder if I might make a few comments on this question. It is not a matter of saving newsprint in this case; it is a matter of saving Canada as we now know it. It is my hope that these letters will be placed on the record where they would be available to all Canadians interested in the subject.

Senator Flynn: They may have been placed on the record of the other place.

Senator Croll: No.

NATIONAL UNITY

ROLL OF SENATE—QUESTIONS

Senator Buckwold: Honourable senators, I wonder if I might direct a question to the Leader of the Government. During the recess there was a news item to the effect that the Leader of the Government had indicated that there was a significant role that the Senate might play insofar as the subject of Canadian unity and the state of Confederation is concerned. I am wondering whether the Leader of the Government has anything further to add to that statement.

Senator Perrault: Honourable senators, it is the view of many members of this chamber that the Senate has an important role to play during the current national dialogue with respect to national unity. I have had a number of useful, helpful and constructive conversations with honourable senators on both sides of the house representing different political persuasions with respect to what possible role the Senate might play. I have had the opportunity to discuss the matter in a preliminary way with the Leader of the Opposition. It is my hope that these discussions will continue, and that in the near future it may be possible for a resolution to come before the house with respect to the type of activity the Senate may become involved in with a view to furthering the goals of national unity—goals which are supported, I am certain, by all members of this chamber.

Senator Lang: Honourable senators, may I ask the honourable Leader of the Government a supplementary question?

I have had at least half a dozen telephone calls regarding the news release referred to by my colleague, Senator Buckwold, and what the Senate might be able to accomplish in terms of this crucial issue. I was not able to respond very intelligently to those inquiries. I should like to ask the Leader of the Government if it is his intention—and I would take it to be so from the press releases—to utilize the Senate as a body, or whether he is intending to ask honourable senators individually to make whatever contributions they can in their own constituencies?

Senator Perrault: Honourable senators, one of the historical justifications for the existence of the Senate, surely, is that, among other responsibilities, it is a body to reinforce regional representation in Ottawa; that it can convey to the seat of government the aspirations, the hopes, the problems, the issues and the special economic circumstances which exist in various parts of Canada so that the government and Parliament may respond more fully and effectively to the wishes and needs of Canadians, wherever they may live.

With this thought in mind a number of honourable senators have suggested that perhaps at this time in Canada's history, which some feel may be a critical juncture, a special Senate committee on national unity should be formed, a committee representative of all political opinion in this chamber, and that we should as a body and, yes, as individuals, endeavour to do all we can to convey to the Canadian people our views on the subject of Confederation, national unity and federal-provincial relations and, in return, receive their views.

I suggest to honourable senators that the concept and the idea is in the planning stage, and that their views with respect to this idea are welcome. I am sure they would be welcomed also by the Leader of the Opposition. In this connection I quote the words of Winston Churchill in 1945, when he said so eloquently:

> I shall not remain supine and silent while all that we have fought for and built is swept away.

I think that is the view of most of the people who serve in Ottawa. We want to play a constructive role in the next two years particularly to demonstrate to Canadians, wherever they may live, our concern about the future of this country and our concern that their views be properly assessed by those of us with the responsibility of serving here in Ottawa.

Senator Lang: Honourable senators, may I ask the leader an additional supplementary question?

Is the leader prepared to introduce in this chamber a motion that would effectively implement his ideas as expressed this evening, and to which I am sure all of us give our wholehearted support?

Senator Perrault: It is my profound conviction that such a resolution should be introduced in this chamber, but I believe it necessary that the matter be discussed not only with government members here but with the official opposition, because I think we must work in concert for goals in which there can be no partisan differences.

Senator Buckwold: Honourable senators, if I may be permitted a question, I am wondering whether the Leader of the Government might consider the possibility of a general debate on this subject before any specific plans are made so that the members of this house have the opportunity to state their views

and to listen to the views of others. I am particularly interested in hearing the views of some of my colleagues from la belle province on this matter, and those of senators from other parts of the country who are also very interested in the subject.

Senator Asselin: You have known those for a long time.

Senator Buckwold: Since I feel that this is the kind of work we should be doing in the Senate, I would simply pass on the suggestion that the leader might consider the possibility of giving some time to the discussion of this matter in this chamber.

Senator Flynn: Honourable senators, it seems to me to be up to the honourable senator, if he wants to invite the Senate to consider the question, to move the appropriate motion himself. He does not have to ask leave of his leader, or of the government leader, in fact, because there is a difference between being government leader and party leader.

Senator Cook: Perhaps, honourable senators, my inquiry may do just that. It may start such a debate.

Senator Flynn: It seemed to me that the notice of inquiry was restricted to Labrador and Newfoundland. Perhaps your speech will be wider than that.

Senator Perrault: Of course, if a resolution comes before the the Senate advocating the formation of such a committee there will be wide latitude for debating the subject by all honourable senators. But, in the meantime, I am certain that this matter is one which will be discussed in caucus, and together with the Leader of the Opposition we can compare views with regard to the terms of reference, because I believe he supports the view that they must be very carefully drawn.

● (2030)

Senator Flynn: Honourable senators, that is the reason why I have been so quiet throughout what has been said about this matter tonight.

Senator Asselin: I should like to know whether the Leader of the Government has consulted the Prime Minister on this question, and whether the Prime Minister is willing that the question be debated in the Senate.

Senator Perrault: As of this minute, no discussion has been had with the Prime Minister with respect to this question. Moreover, I believe that the Senate has the power, the intellectual resources and the energy to initiate its own study of this kind without direction from any source.

Senator Asselin: But, surely, it would be much better for you to discuss this with the Prime Minister.

Senator Flynn: No, don't push it.

Senator Everett: May I ask a question of the government leader?

My understanding is that the government leader held a press conference at which he made an announcement about the matter under consideration at this moment. Could he tell us what he said on this subject at the press conference, or does he have a transcript of what he said?

Senator Perrault: On the subject of national unity I held no press conference. There was a report which found its way into the hands of one of the members of the press gallery which suggested that the Senate was considering a study of this kind. I was asked whether or not that was true, and at a meeting which was held in my office, involving only one member of the press gallery, I gave him my personal opinions with respect to the matter of national unity. I said, however, that the matter would have to be discussed thoroughly in the Senate before any decisions were made, that a resolution would have to come before the Senate, and that I intended to discuss the issue with members of the opposition.

Senator Asselin: Was there a press release?

Senator Perrault: There was no press release at all. It was simply a discussion about one senator's views with respect to national unity.

Senator Everett: Is the government leader suggesting that those views were given to the reporter on a personal basis and not for publication?

Senator Perrault: Well, quite candidly, there were some remarks which I suggested were of a public nature, and one or two which were off the record—as is the case when most politicians or people in public life discuss matters with the press. I do not feel there was any violation of confidence involved in the interview.

Senator Everett: Could the government leader then tell me what he said in respect of the matter?

Senator Perrault: All I can say at this point is that I do not have a transcript of my remarks. They were random comments. There was no tape recording. There was a report in the newspapers with respect to what I was purported to have said. Frankly, if I had written the story, I might have phrased it differently, but I think that the writer of the story exercised a legitimate degree of editorial judgment with respect to anything I said to him, and I think that, generally, the report was a reasonably competent one, although the attributed quotations may not be exact in every detail.

Senator Flynn: May I ask a supplementary question, perhaps in a lighter vein?

I believe it was on the same occasion that the Leader of the Government made some reference to coming appointments to the Senate, and the possibility of adding to the strength of the opposition. I was wondering if on that matter the Leader of the Government was misquoted, even by such an able reporter.

Senator Perrault: I did make clear to the representative of the press, who sought me out for an interview—I did not seek him out—that I felt it important in Parliament and in the democratic process that there be a vigorous opposition with adequate representation in every chamber, whether at the federal level or provincial level. And let me remind honourable senators that I served for nine years as an opposition leader in another assembly, and I value greatly the kind of alert opposition which any government needs. I certainly hope there will

be opposition appointments, and I must say that I have pressed consistently for some opposition appointments here.

I say again, with my colleagues in the Senate as witnesses, that I would hope that the Leader of the Opposition, and those people with whom he confers, will make available to the government as soon as possible the names of those they believe should be appointed to this chamber.

Senator Flynn: I can assure the Leader of the Government that I believe everything was done on our part. It is not difficult to find people who would like to serve on the opposition side of the house. It is even easier, I would say, than sitting with those on the government side.

Senator Perrault: I am delighted to hear that there are a number of volunteers from the opposition. Again, I trust that the list of proposed names can be made available as quickly as possible.

LABOUR

WORKER REPRESENTATION ON BOARDS OF DIRECTORS OF CORPORATIONS—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Government if, at the meeting earlier this week between members of the government and the Canadian Labour Congress, the question of worker representation on the boards of directors of corporations was raised; whether the Leader of the Government is aware of a report by Mr. Charles Connaghan to the Canadian Department of Labour with respect to the subject, recommending that a review of Canadian labour relations be held to take account of increased labour representation in government business; and whether the Leader of the Government is aware that a royal commission in the United Kingdom during the past week has made such a recommendation to the British government under the title of "The Bullock Report."

Senator Perrault: I must take that question as notice. It is my understanding, however, that most of the sessions were of a confidential nature.

PATRIATION OF THE CONSTITUTION

LETTERS FROM PRIME MINISTER TO PROVINCIAL PREMIERS

The Hon. the Speaker: Honourable senators, is it agreed that the letters referred to by Senator Forsey be printed in the *Minutes* of today's proceedings?

Senator Grosart: No. If it is with leave, no.

The Hon. the Speaker: On division?

Senator Grosart: No. There is no motion. No leave.

The Hon. the Speaker: Is there a majority of senators saying yes?

Senator Flynn: I heard two "nos."

The Hon. the Speaker: Those who are in favour, say yes.

Some Hon. Senators: Yes.

The Hon. the Speaker: Those who are against, say no.

Senator Flynn: No. It requires unanimous consent. There is no motion before the house. If there is a motion that is another thing, but there is no motion before the house. In any event, it is not because I do not want to help my good friend, Senator Forsey. I offered him my copy.

Senator Perrault: If honourable senators have difficulty obtaining copies of the letters to the premiers, I may be able to obtain extra copies, which I will forward to those interested.

The Hon. the Speaker: I will take the matter under advisement.

HER MAJESTY THE QUEEN

SILVER JUBILEE CELEBRATION—SUPPLEMENTARY QUESTION ANSWERED

Senator Perrault: Honourable senators, I have one more reply that I should like to provide for honourable senators.

A question was asked by Senator Hicks on December 14, 1976. It reads, in part, as follows:

> I take it that it is implied in your answer—and please correct me if I am wrong—that there will be no special stamps issued to mark the occasion—

That is, of the Silver Jubilee of the Queen's coronation, which falls on February 6, 1977.

I am pleased to report to honourable senators that there will indeed be a special Silver Jubilee stamp, the Queen Elizabeth II Silver Jubilee stamp. It will feature a remarkably fine portrait of the Queen, and will be given widespread circulation throughout the country.

I shall not read all of the material describing it, but the accompanying release is going out to all post offices in Canada, and to a wide mailing list in this country, states:

> The monarchy is a valid expression of Canadian society and a useful governmental institution with roots deep in our history. For these reasons and because of our great affection for the present sovereign, Canadians will long remember the Silver Jubilee of Her Most Excellent Majesty Elizabeth The Second.

● (2040)

There is a good deal of other useful biographical and other information in the pamphlet which I hold in my hands.

Senator Forsey: I wonder if I might ask the Leader of the Government a question.

In view of his remark that the Jubilee stamp—which, by the way, bears nothing on it to say that it is a Jubilee stamp—will have, and I quote his words exactly, I think, "widespread circulation throughout the country," why is it only a 25-cent stamp that is to be issued, which will not get any circulation in the country at all, but will only go on air mail outside the country, or, if it gets into circulation inside the country, will do so either among stamp collectors, who are not, perhaps, a very numerous body, or among people who happen to send some-

thing that weighs so much that they have to put a 25-cent stamp on it? It will not get wide circulation at all in view of the denomination in which it is issued. I find it very difficult, therefore, to understand what the leader said, and I would be very glad of an explanation.

Senator Perrault: Honourable senators, the decision made by post office officials was that a 25-cent Jubilee stamp will be particularly appropriate, in view of the fact that this year marks the Silver Jubilee—the 25th anniversary of the Queen's coronation. The figure "25" will appear on the Jubilee stamp in silver. I think many Canadians will want to put this fine 25-cent stamp on their letters in order to honour The Queen's Silver Jubilee, and in doing so they will not only honour this memorable occasion but may, as well, improve the deficit situation in the post office.

An Hon. Senator: Not noticeably.

PATRIATION OF THE CONSTITUTION

LETTERS FROM PRIME MINISTER TO PROVINCIAL PREMIERS

The Hon. the Speaker: Honourable senators, with respect to Senator Forsey's request, rule 109 reads as follows:

> The printing or publishing of anything relating to the proceedings of the Senate shall be as ordered by the Senate.

The expression "ordered by the Senate" is defined as follows in rule 5(j):

> "ordered by the Senate" or any expression of like import means ordered by majority decision.

Consequently, the leave of the Senate is not required.

Senator Flynn: If it is Your Honour's interpretation that a vote can be taken on whether a letter is to be printed as an appendix to *Hansard*, I am going to test it right away, because it has never been my understanding that that may be done. There has to be a motion before the Senate to have a majority decision of the Senate.

[*Translation*]

Senator Lamontagne: Honourable senators, I believe that we are again getting into the complexity of the rules. I do not believe that we are here in the Senate to bother with all those details although I believe it is important that we have a set of rules. But I think that in this instance there should be a way of producing that letter which is very important for the future of our Constitution. It is very important to give it the largest dissemination as possible. So I believe that rather than letting the rules or the letter of the rules stop us, we should abide by the spirit of the rules, particularly the purpose sought by this proposal before us.

Senator Flynn: If the rules are to be interpreted only when it suits my learned colleague opposite, well, I cannot take that risk. There will eventually be other instances when the rules will be abused. I have no objection, as I say, to those letters being printed as an appendix to today's proceedings. The fact still remains that it is an expenditure, and everybody received copies of them—

Some Hon. Senators: No.

Senator Flynn: Well, if you did not get a copy, look in your mail. Maybe you did not have time; look, honourable senators. The question is as follows: When there is no motion or proposal before the house unanimous consent must be given. I did not personally say no, but at least two senators did say no. So, that is the point I want to make, because those senators have a right to their opinion. They have the right to say no when there is a motion asking for the unanimous consent of the house. That is the principle I want to safeguard despite the good intentions of Senator Lamontagne.

[*English*]

Senator Sparrow: Honourable senators, I said no, and I want to make it clear why I did so. My opinion is that if there is a motion before the chamber, and it is adopted by a majority at some point, then it can appear in the *Minutes of the Proceedings of the Senate*, but I said no, and I think that that position will stand as far as the records are concerned. If someone wishes to make a motion, and it is adopted by a simple majority in this chamber, then certainly it can appear in the *Minutes of the Proceedings*.

I would like to say this, that I do not take particular exception to this letter, but I just do not believe that every item that comes before this chamber should be printed in *Hansard* simply as a result of someone's standing up and saying, "Let us have it printed in the *Minutes*." That is the principle I am standing on.

There are a number of letters that the Prime Minister has written to the premiers of this country, and there are a number of letters that have been received from the premiers by the Prime Minister, copies of which each of us has received in the mail. I have not checked my mail for that particular letter, but I am assuming that it is there, as all other letters have been; if it is not, then the Leader of the Government is going to see to it, as he said he would, that I and all honourable senators get a copy of it.

If that is not enough, then I think probably all of the correspondence that has taken place in regard to this matter should be tabled in this house, and then a motion should be put forward that it all be incorporated in *Hansard*.

The Hon. the Speaker: Honourable senators, I will study this case and give an answer tomorrow.

CANADIAN BROADCASTING CORPORATION

DOCUMENTARY PROGRAM—QUESTION

Senator Norrie: May I ask a question of the Leader of the Government? Has he received any answers to the questions I asked on December 16, 1976 with respect to a particular CBC documentary program?

Senator Perrault: Honourable senators, all of the answers to the oral questions posed at that time are not yet available.

However, a letter has been transmitted to honourable senators with respect to Senator Norrie's written inquiry concerning that program. The honourable senator will receive that communication very shortly, perhaps by tomorrow morning. Replies to the balance of the honourable senator's oral questions, however, have not yet been received.

Senator Norrie: Is there any indication of how long we must wait for them?

Senator Perrault: Honourable senators, it is my understanding that the answers may be received within two or three days. As I say, some of the information which the honourable senator requested is now available, and will be before the honourable senator shortly.

Senator Norrie: Thank you.

NORTH ATLANTIC ASSEMBLY

TWENTY-SECOND ANNUAL SESSION, WILLIAMSBURG, VIRGINIA, U.S.A.—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator McElman calling the attention of the Senate to the Twenty-second Annual Session of the North Atlantic Assembly, held in Williamsburg, Virginia, U.S.A., from 12th to 19th November, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to Senator Yuzyk.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Paul Yuzyk: Honourable senators, first of all I should like to congratulate Senator Rizzuto on his appointment to this chamber. Having known him for a few years, I know that he will be a credit to his people of Italian origin, as well as to all Canadians.

Similarly, since I was not here when Senator Ewasew, who hails from my province of Saskatchewan, was sworn in in this chamber last December, I am taking this opportunity to congratulate him at this time. Having known him for several years, I know that he will be a credit to the Ukrainian-Canadians, as well as to all Canadians.

Both senators possess great ability, and therefore will be an asset to the Senate. We can look forward to significant contributions from them in the multicultural field, and in other fields, not only in the Senate but in their cities of Toronto and Montreal and throughout our country. Their presence and activities will make the Senate more representative of the diverse population of Canada.

● (2050)

Honourable senators, as was stated in the report of Senator Charles McElman on December 14 last, Canada was represented by a strong delegation at the Twenty-second Annual Session of the North Atlantic Assembly which was held from November 12 to 19 in Williamsburg, Virginia, on the occasion of the bicentennial of the American independence. Our delegation, composed of five senators and 21 members of the House of Commons, headed by Mr. Tom Lefebvre, M.P., was the largest Canadian group in the history of the NATO Assembly and, I would like to add, the strongest. This is the first time, I believe, since the inception of NATO, that the Canadian Senate was adequately represented and, therefore, made an effective contribution in the five permanent committees of the North Atlantic Assembly. Senator A. H. McDonald participated in the Military Committee; Senator C. R. McElman in the Economic Committee; Senator Paul Lafond in the Scientific and Technical Committee; Senator David Walker in the Education, Cultural Affairs and Information Committee. That the work in these committees was heavy can be gathered from the excellent account given by Senator McElman, who was active in the Economic Committee. Our role in the committees, as well as in the plenary sessions of the Assembly, was positively evident and effective and was generally appreciated by the other NATO countries because our members had acquired considerable experience as delegates at previous sessions.

The majority of the delegates from the other chamber had previous experience in NATO assemblies, as had the Senate representatives. As a result of the excellent cooperation of all members of three parties of the Canadian Parliament, the Canadian presence and input was strong. Our achievements were noticeable in policy decisions and in the structural organization of the Assembly. Mr. Paul Langlois, M.P., was re-elected treasurer of the Assembly, and Mr. Ralph Stewart was elected chairman of the Education, Cultural Affairs and Information Committee, which I understand was the first time that Canadians have held these positions. Unlike some of the other countries, the Canadian delegation always presented a united front and stand in the committees and in the plenary sessions, which won us considerable respect.

This the fourth time that I have had the privilege of representing the Senate in the Canadian delegations to the North Atlantic Assembly. I had participated in the Eighteenth Session in Bonn, Germany, in 1972; in the Twentieth Session in London, the United Kingdom, in 1974, and in the Twenty-first Session in Copenhagen, Denmark, in 1975. At each of those sessions I was a member of the Education, Cultural Affairs and Information Committee, and twice I served on the Political Committee as well, as there had not been enough senators to man each committee until last year. Because I personally knew many delegates from the other countries, it was easier for me to play a more active part in the work of this committee, whose stature has greatly increased since the Helsinki Declaration. More was expected of me this time in Williamsburg.

The Education, Cultural Affairs and Information Committee followed up the work and the resolutions of the previous session. Since the chairman who had been elected last year was

subsequently defeated in an election and therefore was unable to attend, it was our fortune that our Canadian delegate, Mr. Ralph Stewart, was unanimously elected as the new chairman until the next session. He did a good job.

The General Rapporteur, Lord Lyell, of the United Kingdom, presented the general report for discussion. The following topics were dealt with:

1. The general political outlook in the NATO countries
2. Alexander Solzhenitsyn on the Conference on Security and Co-operation in Europe
3. The new Soviet threat in Angola
4. The present state of the Alliance
5. Education in relation to NATO
6. The state of religion in the Soviet Union and Eastern Europe
7. Proposed parliamentary staff exchange program
8. Responses from governments on the implementation of the Third Basket of the Helsinki Declaration
9. Subcommittees' activities:

a. Subcommittee on the Survey of Textbooks in the Alliance countries

b. Subcommittee on the Free Flow of Information

It is not my intention to discuss each of these important topics, as this would take some time. I shall only make some general comments. The economic weakness of Italy and the United Kingdom affect the political strength of these countries in the Alliance. As has been explained by Senator McElman, much attention was paid to Eurocommunism in Italy and France, as a rising threat to NATO. In a BBC television interview last spring, which was reproduced for the members of this Assembly, Solzhenitsyn presented an extremely powerful indictment of the Soviet Union and the Warsaw Pact countries with regard to the sincerity of their intentions to permit free exchange of ideas, information and people in their countries. He warns the West of the imminent threat to our continued survival and calls upon the West to act now and use every means at our disposal to compel the Soviet Union to live up to its end of the bargain struck at Helsinki. The Alliance appears to be in no immediate danger at this time because its members continue to give considerable attention to effective forms of defence.

On the topic of education, the position taken was that educational matters have been slighted by the member countries of the Alliance and that we should be more concerned that our ideas of freedom and democracy are being properly transmitted to the young. Proposals were made for a study of the status and content of citizenship education in the Alliance and for a seminar-lecture program by Alliance parliamentarians. The question of the purpose and scope of higher education is being explored for the next Assembly session.

The section on the religious situation in the Communist-bloc countries explored the possible effect that the Helsinki accord has had on religious freedom in those countries. The picture is generally a rather grim one, except in Poland where the Catholic Church is as strong as ever and the official position of the Polish government appears to be one of religious tolerance. It was here that I was able to provide more up-to-date information, showing that since the Helsinki Agreement the Soviet government has actually stepped up the persecution of religious denominations and leaders. As evidence, I submitted for study a recent illustrated brochure, entitled "Soviet Persecution of Religion in Ukraine," providing documentation which was published by the World Congress of Free Ukrainians, with headquarters in Toronto. This brochure was sent last December to all senators and members of the House of Commons. After discussion, the committee unanimously accepted this brochure as an appendix to the general report.

Some attention was focussed on Recommendation 50, presented jointly by the Political Committee and the Committee on Education, Cultural Affairs and Information and adopted by the 21st Plenary Session in Copenhagen in 1975. Great emphasis was placed upon the need for each government of the Alliance to carefully monitor the implementation of the Helsinki Agreement. Statements were received from Belgium, Canada, Denmark, the Federal Republic of Germany, Greece, Luxembourg, the United Kingdom and the United States. The other NATO members are urged to present the views of their governments.

Recognizing that détente at the present time was "the only alternative to policies of crises and confrontation" and that it "does not mean an end to deep political and ideological differences, nor the disappearance of super-power competition," last year's North Atlantic Assembly requested member governments "to monitor carefully the implementation of human, cultural, educational and information obligations in the Helsinki Agreement so that a detailed accounting may be presented to the follow-up conference in Belgrade in June 1977." For this purpose a Subcommittee on the Free Flow of Information, composed of seven members, chaired by Mr. Gessner of the Federal Republic of Germany, was established. The subcommittee has issued two bulletins so far, and is preparing for issues regarding the monitoring of the "third basket," noting the violation of the Warsaw Pact countries.

● (2100)

The work of the subcommittee on the Free Flow of Information was approved, and its title was expanded by adding "and People." It was decided to expand the size from seven to ten members, which included the chairman of the Committee on Education, Cultural Affairs and Information, Mr. Ralph Stewart of Canada. The delegates from the Federal Republic of Germany and the United States insisted that I become a member of the subcommittee, and a motion was unanimously passed to increase the size of the committee to eleven. Thus I was elected to this subcommittee, which now includes two Canadians. It will meet two or three times to prepare the monitoring report to be presented at the follow-up Conference on Security and Co-operation in Europe, which is being planned to be held in Belgrade, Yugoslavia, in June this year.

The Committee on Education, Cultural Affairs and Information also adopted a resolution urging the NATO countries

to include parliamentarians in the delegation to CSCE in Belgrade, which was then adopted by the Assembly. This resolution was initiated by the Canadian delegation, which felt that parliamentarians were just as important as civil servants, if not more so, in the formulation and implementation of policies at the international level.

Honourable senators, each of the committees presented several resolutions and recommendations to the plenary session. Most of them were approved in their original form, but some were revised. I believe that some members of this chamber will be interested in giving closer examination to these important matters, and, with leave, I should like to move that the full texts of all the resolutions, recommendations and orders, 57 in number, be appended to the *Minutes of the Proceedings of the Senate* of this day.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Yuzyk: I should like approval of the Senate to have the resolutions, recommendations and orders of the NATO Assembly appended to the *Debates of the Senate* of today.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of document, see appendix "A".*)

Senator Yuzyk: Honourable senators, I considered it a great honour when I was asked by the chairman and the general rapporteur of the Committee on Education, Cultural Affairs and Information to address the plenary session of the Assembly on behalf of the committee. They reminded me that I was a vice-chairman of the Canadian NATO Parliamentary Association, and that establishment of similar bodies in NATO countries could substantially strengthen the work and effectiveness of NATO in the parliaments and countries of the alliance.

With the indulgence of honourable senators, I should like to summarize briefly the ideas that I expressed. In its 27 years of existence, NATO has been developing from the original military alliance into an Atlantic community, which is now beginning to resolve many common problems in the political, economic, social and cultural fields. NATO, as an international body, is the bulwark of freedom and democracy, pitted against the Soviet Russian imperialist, dictatorial, totalitarian, communist, police regime. The Soviet Russian empire, with more than half the population being non-Russian, consists of 15 so-called republics, dominated by the large Russian Soviet Federal Socialist Republic. In reality, the other 14 republics have been reduced to colonial status, and now are mere provinces. This becomes evident when compared with the satellite countries under Moscow domination. These satellites have their own armies, currencies and embassies, but the component republics of the U.S.S.R. do not possess these characteristics. Ukraine and Byelorussia, who are members of the United Nations, were not allowed representation at the Helsinki Conference.

External relations with the Soviet Union have gone through three phases: cold war, peaceful co-existence, and now the détente. Under the détente the Helsinki Agreement had been primarily manoeuvred by the Soviet Union to legitimate its borders. It is important to remember that the "third basket" was not favoured by the Soviet Union, which is faced with the problem of curbing the growing number of its own dissidents. The West has heard, and is hearing, from some of the most important of these, such as Solzhenitsyn, Sakharov, Litvinov, Moroz, Amalrik and others, who are exposing the weaknesses and injustices of this communist system, and some, such as the historian Amalrik, are predicting the downfall of this regime and the Soviet empire about 1984. They are appealing to the democratic countries to strengthen their forces and to support the dissidents in their struggle for the achievement of human rights and the self-determination of the subjugated peoples in the Soviet Union. Every effort must be made to make the U.S.S.R. and its satellites adhere to the principles of the "third basket" of the Helsinki accord, which they have endorsed.

In conclusion, I warned the members of the North Atlantic Assembly that on the occasion of the sixtieth anniversary of the Bolshevik revolution, in 1977 the Soviet regime will launch a massive propaganda campaign in the West to extol the virtues of Russian communism, while at the same time building up their military forces and armaments. The NATO countries must counteract by strengthening their own military forces and armaments, and equally important must be the fostering of broad education in all our countries, which will strengthen the political will and the democratic spirit of the freedom of our peoples. Special attention must be paid to the education of our youth throughout their school career to enhance their faith in NATO to keep the world safe for freedom and democracy. I was very happy that my speech was warmly applauded.

Honourable senators, I have returned from Williamsburg satisfied that Canada is playing a constructive role in NATO, which is being appreciated. The Canadian delegates to the Twenty-second North Atlantic Assembly met last December with the Minister of External Affairs, the Honourable Donald Jamieson, and the Minister of National Defence, the Honourable B. J. Danson, with whom we have begun discussing the problems of the Alliance. This cooperation of the government with the parliamentarians will, hopefully, improve our role in NATO as well as our international image.

Our parliamentarians and citizens should be aware of the general contents of the views of the Canadian government with respect to the implementation of the "third basket" of the Helsinki Agreement. The Canadian government, in its presentation to the North Atlantic Assembly, supports and is contributing to the monitoring in preparation for the review meeting in Belgrade, considering each "basket" of equal importance. Of particular interest are the humanitarian issues, especially family reunification, which was originally sponsored by Canada. Eastern countries should pay more attention to "basket three". Regarding the degree of success in resolving family reunification, Canada presented the record of each of these countries, with the assessment being:

> In most cases Helsinki does not appear to have produced any significant change in the number of cases.

● (2110)

Actually the situation has worsened. In other areas of implementation, Canada has found that western tourism to East European countries has steadily increased, but the number of easterners, that is from the other side of the iron curtain, coming to Canada has even decreased from some of these countries. The price of travel passports for Soviet citizens has been reduced from approximately 400 to 100 rubles, but exit visas are difficult to get. I quote:

> In the field of the exchange of information and ideas very little progress has occurred.

And the Soviets have stepped up the ideological campaign to prevent inappropriate Western ideas from spreading in the U.S.S.R., complaining against the CBC international service. For this year the U.S.S.R. has broadened the Exchange Agreement of 1971, but little has been done. The following is the concluding paragraph:

> At the Belgrade review meeting in 1977 Canada will most likely take a two-pronged approach. Without engaging in an exercise of recrimination, we shall remind the Eastern countries of their obligations under the Final Act, particularly in relation to human rights. Our second approach will be to seek ways to further what progress has been made since Helsinki 1975 so that the momentum of the entire Conference is not lost.

From the above statements it appears obvious that the Canadian government is avoiding mention of Soviet persecution of religion, in spite of having received memoranda from many Canadian churches and secular organizations. So far the Prime Minister has turned a deaf ear, which I hope will change. Religious persecution is a flagrant violation of human rights, and pressure must be brought to bear on the governments of the Soviet Union and the satellite countries. The evidence of the Soviet persecution is overwhelming and undeniable and therefore the violation of human rights must be condemned in the United Nations and at Belgrade. The Canadian government should not be passive but, in the face of the mounting evidence, must condemn the Soviet and satellite persecution of religion and their double standards, and demand the fulfilment of human rights, which they have endorsed. If the Canadian government fails to do this, it leaves itself open to the allegation that it condones such inhumanity, making it look as hypocritical as the Soviet regime.

Honourable senators, the observance of the 28th anniversary of the Universal Declaration of Human Rights last December 10 in several centres in Canada, and in many other countries of the world, should remind all people, leaders, governments, and particularly parliamentarians, that this basic United Nations document embodies all aspects of the freedom of many people and nations. Although much has been accomplished in this field, much still remains to be pursued, if the principles are to be fully implemented and upheld.

We must also remember that some United Nations members who have sanctioned the Declaration have consistently violated human rights in their countries. The largest of these countries is the Soviet Union, the largest totalitarian empire of subjugated nations. We have become more aware of the large-scale persecution of dissidents and religion in the U.S.S.R. from the recent statements and publications of Solzhenitsyn, the great Russian writer; Sakharov, the father of the Soviet atomic bomb; Moroz, the Ukrainian historian, and many others.

We know that the Soviet regime has liquidated the large Ukrainian Orthodox and Ukrainian Catholic churches, Judaic congregations, and most of the churches of other peoples, many of which have counterparts in Canada and, under Stalin, has executed large numbers and imprisoned in forced labour camps millions of the leaders, common people and adherents of all religious denominations. We know that millions have undergone similar harsh treatment for having political ideas different from those of the Communist Party leadership or for having been critical of the Soviet government. We know that the recent wave of persecutions of large numbers of dissenters, many religious, in Ukraine, the Baltic states, of Jews, Russians and intellectuals of other origins, who have defended language and cultural rights, freedom of speech, freedom to emigrate, freedom to worship, which are ostensibly guaranteed by the constitution of the U.S.S.R. and the republics, employed such methods as closed trials meting out prison sentences up to 25 years, intimidation, torture and internment in mental asylums. Amnesty International has not been allowed to investigate these cases and to provide defence.

Not only must these flagrant violations of human rights in the Soviet Union, in the Soviet satellites and other countries who are UN members and signatories of the Charter and the Declaration be outrightly condemned, but they must also be compelled by the UN to allow investigation teams in these countries and to respect human rights. The UN Human Rights Commission must be given power to deal effectively with violations and violators.

The Soviet Union is a signatory to several international accords in which it pledges to promote the observance of human rights for all, notwithstanding their religious beliefs or practices. Here are some of the U.S.S.R. pledges that were signed by the government of the Soviet Union.

Firstly, that every person has the "right to freedom of thought, conscience and religion" and the right "to manifest his religion or belief in teaching, practice, worship and observance."

Secondly, to "promote understanding, tolerance and friendship" among all religious groups through its educational system.

Thirdly, to guarantee the rights of parents to choose the educational system which would "ensure the religious and moral education of their children in conformity with their own convictions."

Fourthly, to recognize the right of each citizen to participate in public affairs, to vote and be elected to public office and to "have access on general terms of equality, to public service in his country."

Fifthly, to ensure the right of all religious minorities to profess and practise their own religions. All of these points are found in the United Nations Charter; the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; the Convention Against Discrimination in Education; and the Helsinki Accord, Basket Three.

Although the Soviet Constitution of 1936 guarantees the "freedom of conscience" including "freedom of religious worship and of anti-religious propaganda," these guarantees are nullified by the perversion of legality which characterizes the entire Soviet administrative system. Unpublished administrative orders take precedence over published ones and decrees supersede statutes and laws. Through such double standards the Soviet regime exercises sweeping powers over religion, religious groups and individual believers and adherents.

Here are some of these insidious powers.

Firstly, through the procedure of obligatory "registration" all local congregations are either legalized or banned. Lists of members must be submitted to local authorities; such believers are then discriminated against in their occupations, in housing allocations, et cetera.

Secondly, every minister of religion, known as "servant of a cult," must be "registered" before being allowed to carry out his duties; this "registration" can be granted, denied, or withdrawn as in the case of local congregations.

Thirdly, the state owns all houses of worship and their contents, which can be leased or denied at any time. Even if a church is denied a lease, permission must be obtained on each occasion for a group to meet in a private home, which is usually denied.

● (2120)

Fourthly, the state has the right to remove any executive member elected by an open vote of each congregation to administer its own affairs. Often some executive members are maintained in office by local authorities, when such officers have lost the confidence of the religious group.

Fifthly, the state possesses the sole power to allow, disallow, or to close theological schools, monasteries, and religious publications, as well as all meetings of religious groups at national, regional, and local levels.

Thus, it is obvious that, regardless of its international commitments vis-à-vis the freedom of conscience and religion, the Soviet Union effectively restricts this right. Such rigid controls over all activities by the Soviet government makes meaningless all constitutional guarantees of individual or group freedoms. These double standards allow the government to destroy at will institutional religion in the U.S.S.R. The satellite countries use the U.S.S.R. as a model, putting religion at the mercy of the state, the only exception being Poland where the Catholic Church is too strongly supported by the people and cannot be destroyed by the government. Religious persecution is being systematically carried out as it is the objective of atheistic Marxism-Leninism to totally eradicate all forms of religion. All freedom-loving people and democrats must come to the defence of the churches and believers, as well as the dissidents and the subjugated nations, in their heroic struggle for the recognition and implementation of human rights in the Communist-bloc countries.

Let us remember that human rights are equated with freedom and democracy, the most precious heritage of mankind, and the cornerstone of the Canadian way of life. Freedom and democracy are being systematically destroyed by totalitarian, dictatorial regimes in many parts of the world. Canada must therefore play a leading role in keeping NATO strong, as this is in her best interests. Wholehearted support of NATO should be the cornerstone of our foreign policy.

On motion of Senator McDonald, debate adjourned.

CANADIAN ARMED FORCES

INTERNATIONAL PEACEKEEPING—QUESTION

Senator Desruisseaux: Honourable senators, it seems to me that my inquiry has been outstanding for some time. Notice was given on November 16. I thought we had some form of bookkeeping in respect of questions put to the Leader of the Government. My inquiry is as follows:

1. Where, outside of Canada, are Canadian Armed Forces participating in the maintenance of peace and security?

2. What is the size of the force in each case?

3. On whose invitation, at what cost per annum and for how long have Canadian Armed Forces been participating in each case?

4. What amounts, if any, with respect to these forces are unpaid or overdue and for what years?

5. What are the government's intentions for the coming year with respect to the participating forces in cases where there are unpaid or overdue amounts owing to Canada?

Quite some time has passed since this inquiry was made. I realize the recess may have something to do with the delay, but I believe such inquiries should be answered within a reasonable period of time. I would again ask the Leader of the Government to look into this matter.

Senator Perrault: I want to thank Senator Desruisseaux for bringing this matter to my attention. The question, which was asked on November 16, is apparently a complicated one. I understand that the Ministry of Defence and our armed forces are endeavouring to gather together the information required. I will certainly try to ascertain when an answer can be provided.

Senator Grosart: Honourable senators, I rise on a question raised by Inquiry No. 1, which has just been spoken to by Senator Desruisseaux. Has the honourable senator made the inquiry? My understanding was that this was a notice of

inquiry. I have seen it, and wondered when he was going to make the inquiry. It simply says that he will inquire. My understanding is that it is a notice of inquiry, and I assumed that in due course Senator Desruisseaux would make a speech on it.

Senator Forsey: He has done so now.

Senator Desruisseaux: I have done so twice.

Senator Perrault: In any event, I understand that efforts are going forward to obtain the information required, just as is the case with the other inquiries which are on the order paper.

Senator Forsey: Honourable senators, it seems to me to be very peculiar that this should require such a vast intellectual effort and such a vast expenditure of ink and paper as the honourable Leader of the Government suggests. I should have thought these pieces of information would be easily at the disposal of the government, and could be produced with very short notice indeed. It is extraordinary that what appear to my simple mind to be such simple questions should require all this tremendous exertion by unknown legions of bureaucrats.

Senator Desruisseaux: Honourable senators, I should like to point out to Senator Grosart, in respect of the question he raised on my inquiry, that the phrase "he will inquire" also appears in Inquiry No. 2 and, in the case of Inquiry No. 3, the phrase is "she will inquire."

Senator Grosart: Of course, this raises the question of whether we should have oral and written questions clearly defined. Many of the questions that are put in Question Period are obviously questions which, under our rules, as I interpret them, should be regarded as written questions. If we are going to have written and oral questions, well and good, but I think they should be so defined so that we know the difference.

When an honourable senator says he will inquire of the government, normally we are entitled to expect to wait until he does inquire. We have never made a practice in the Senate of separating oral and written questions, and perhaps the Leader of the Government should take this under consideration.

Senator Desruisseaux: I appreciate Senator Grosart's remarks on this, but I should like to point out to him that, after saying that I would inquire of the government, I did read these questions.

Senator Forsey: You have inquired now.

CANADIAN BROADCASTING CORPORATION

DOCUMENTARY PROGRAM—INQUIRY ANSWERED

Senator Norrie inquired of the government, pursuant to notice of December 20, 1976:

> Who are the director and producer directly responsible for the 40-minute CBC documentary on McCain Foods?

Senator Petten: Answered.

I am informed by the CBC that the 40-minute documentary presented on December 7, 1976, in their program *The Fifth Estate* and pertaining to McCain's Foods Ltd. was produced and directed by Mr. G. McAuliffe.

ADJOURNMENT

Senator Perrault: Honourable senators, I move that the Senate do now adjourn.

The Hon. the Speaker: Before putting the question, I should like to invite all honourable senators to join with the friends of Senator Rizzuto in my quarters to celebrate his appointment to the Senate.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 283*)

NORTH ATLANTIC ASSEMBLY

TEXTS ADOPTED AT TWENTY-SECOND ANNUAL SESSION, WILLIAMSBURG, NOVEMBER 14 TO 19, 1976

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RECOMMENDATION 53

on the NATO research and fellowship programme

The Assembly,

Noting that Article 2 of the North Atlantic Treaty calls upon the Parties to contribute to a better understanding of the principles upon which their free institutions are founded;

Recognizing that our greatest claim to the affection and loyalty of men comes from our ideas and philosophy;

Concerned that these ideas and philosophy should be transmitted to the young;

Regretting that NATO has not devoted much attention to the field of education and cultural affairs;

Considering that the Committee on Education, Cultural Affairs and Information wishes to encourage and assist in projects aimed at promoting an understanding of our free institutions and the conditions necessary to sustain them;

RECOMMENDS that:

1. the North Atlantic Council, in the spirit of Article 2 of the North Atlantic Treaty, provide increased support for the NATO research and fellowship programme;

2. the NATO research and fellowship programme, in association with the Committee on Education, Cultural Affairs and Information, support scholarship which would explore the status and content of citizenship education in selected countries of the Alliance.

RECOMMENDATION 54

on reinforcement

The Assembly,

Recognizing the importance of rapid and timely reinforcements to the NATO strategy of flexible response;

Welcoming the demonstration of this capability in this year's Autumn Forge Exercise;

Noting the importance of prepositioned equipment and stocks of equipment and fuel to the reinforcement strategy;

Concerned, however, that there remain serious deficiencies in NATO's reinforcement strategy;

Conscious that member governments are not making sufficient use of the civilian resources available to them;

Concerned at the random reliance on merchant shipping for sea lift capability and that NATO deficiencies in ASW vessels will mean heavy losses at sea;

Recognizing the importance of the "in place" forces, alarmed at recent reports concerning the combat readiness of these forces and the problems involved in the mobilization procedures to bring them to full strength;

RECOMMENDS that the Defence Planning Committee of NATO:

1. make available to the Military Committee of the North Atlantic Assembly, a detailed study of NATO's current reinforcement potential to counter aggression both in the Center and on the Flanks, with particular reference to current deficiencies and the extent to which these are being addressed;

2. encourage member governments to make the maximum use of civilian resources including the financing of the modifications needed for the utilization of civilian aircraft and the provision of specialized merchant shipping;

3. inform the Military Committee of the North Atlantic Assembly of the present deficiencies concerning the combat readiness, current 'on line' force strengths and mobilization procedures for NATO's 'in place' forces.

RECOMMENDATION 55

on the Soviet maritime threat

The Assembly,

Noting the continued expansion of the Soviet Navy since the special Report on the Soviet maritime threat presented by the Military Committee in 1972;

Noting that the power of the Soviet Navy is likely to reach its peak relative to NATO in the next 3-5 years;

Concerned that the danger to NATO's oil supplies from the Persian Gulf and the Middle East has considerably increased since 1972;

Concerned that member governments of the Alliance continue to underestimate the danger of the Soviet maritime threat;

Alarmed that the ratio of Soviet nuclear submarines to NATO ASW vessels is increasing in the Soviets' favour;

Noting the recent deployment of Soviet airpower in the form of the Kiev and the practice in Operation Okean of attacking convoys;

RECOMMENDS that the North Atlantic Council:

1. urge member governments to give top priority to increasing the strength of NATO ASW vessels and aircraft;

2. reinforce the authority given to SACLANT with regard to planning the protection of vital shipping lanes.

RECOMMENDATION 56

on the rationalization of defence resources

The Assembly,

Recognizing the budgetary constraints which continue to affect the abilities of member countries to sustain defence expenditure;

Recalling its previous recommendations in this respect, particularly the Ottawa recommendation to the Defence Planning Committee to investigate as a matter of urgency the possibility of reducing the number of separate fully fledged national armed services in order to make, through gradual integration

and a new division of labour, North Atlantic defence more effective as well as to obtain better value for money;

Noting that in this field no substantial progress has been made;

Concerned at the losses, both in financial terms and in combat effectiveness, to NATO's forces through the consistent failure to co-operate in the development and production of armaments;

Recognizing that in the short term considerable low cost improvements can be made to military efficiency through measures designed to increase the interoperability of forces and systems, particularly through the implementation of STANAGS (Standardisation Agreements);

Welcoming the formation by the NATO Council of the Ad Hoc Group on interoperability;

Noting the Secretary General's comments to last year's Recommendation that the CNAD are beginning to plan new equipment on the basis of required military missions, concepts, the threat to be countered and the mix of weapons required;

Stressing that these activities should be intensified to facilitate the input of NATO agreed doctrine and requirements into CNAD planning;

Welcoming the recent agreement between the United States and German governments in their attempt to co-ordinate their tank development programmes as a positive sign of high level political involvement with, and dedication to, the achievement of greater standardisation;

RECOMMENDS that the North Atlantic Council:

1. review the possibilities of improving NATO's effectiveness as indicated by the Ottawa declaration;

2. make available to the Military Committee of the North Atlantic Assembly the results of the working groups of the Ad Hoc Group on interoperability;

3. provide the necessary political leadership to help overcome the problems which national industries might encounter during the process towards standardization of armaments.

RECOMMENDATION 57

on the Thirtieth Anniversary of the Marshall Plan

The Assembly,

Recognizing that the year 1977 marks the Thirtieth Anniversary of the proclamation of the Marshall Plan;

Recognizing the importance of that initiative for the cause of Western freedom, security and prosperity;

Recognizing that our continued well-being depends on the quality of our intellectual imagination and upon our willingness to provide forums and opportunities in which creative impulses like the Marshall Plan may be born;

RECOMMENDS that the North Atlantic Council:

should commemorate the Thirtieth Anniversary of the proclamation of the Marshall Plan by convening a conference to undertake a comprehensive assessment of the adequacy of existing NATO institutions and to formulate recommendations for strengthening and perfecting these institutions over the next thirty years.

RECOMMENDATION 58

on a reassessment of NATO institutions

The Assembly,

Concerned at the inability of member governments to cope with the increasing pressures on defense expenditures;

Concerned at the inefficiency inherent in the present system of allied co-operation which leads to a wastage of resources and an ultimate weakening of the credibility of the Alliance;

Considering that the present Alliance framework could be improved to cope with these trends and other problems;

Noting the growing belief within European political circles that a stronger European identity is essential for the future of the Alliance;

Noting a growing recognition within the United States of the need for the evolution of a more cohesive European entity, capable of playing a fully responsible and credible role within the Alliance;

Noting the difficulties inherent in the process of European unification with regard to the formulation of a common defence policy;

Urges the European member governments to take action in order to examine the desirability and the possibilities or a proper common responsibility of the European partners in defence efforts, within a new conception of NATO.

RECOMMENDS that the North Atlantic Council:

establish a project (study group) to investigate the possibility of a thorough reassessment of the institutions of the Alliance, giving attention to the possible advantages and disadvantages of a new framework, based on the two-pillar-concept in which the European States co-operate with their North American partners.

RECOMMENDATION 59

on nuclear proliferation

The Assembly,

Concerned by the spread of nuclear power around the world and the resulting danger of more and more countries becoming capable of making nuclear explosive materials;

Worried by the danger that plutonium might be obtained by small terrorist groups and used for political blackmail in countries where security measures are inadequate;

Underlining the relative inefficiency of safeguards due to lack of control, and the imminent danger that future govern-

ments of new nuclear countries may not feel bound to safeguards agreed on today;

Welcoming the restrictions on the export of sensitive nuclear technologies agreed to by the London group of nuclear exporting countries, and hoping that they can be further improved;

RECOMMENDS that the North Atlantic Council:

1. provide an indepth study of the proliferation problem;

2. establish itself as a forum of continous consultation among member governments exporting nuclear technology with a view to developing a homogenous policy of Alliance member countries on proliferation;

3. elaborate strict regulations in nuclear exports and strengthened safeguards;

4. consider the possibility of excluding countries which are not members of the Nuclear Proliferation Treaty from receiving any nuclear technology from Alliance member countries if they are unwilling to provide a full guarantee that they accept the strict inspection and supervision measures foreseen by the NPT;

5. develop alternatives to delivering facilities for uranium enrichment, the reprocessing of spent nuclear fuel and the refining of heavy water to non-nuclear countries.

RESOLUTION 43

paying tribute to President Wayne L. Hays

The Assembly,

Whereas its President, the Hon. Wayne L. Hays, is unable to take part in the proceedings of the 22nd Annual Session due to poor health;

Recognizing his many creative and substantial contributions to the early development and growth of the Assembly;

Recognizing his perseverance and continued solid support for the aims of the Assembly;

Recalling his unswerving loyalty to and support of the Atlantic Alliance as a member of the United States Congress and, from 1955 until 1976, as a leading member of the North Atlantic Assembly;

EXTENDS its sincere and heartfelt appreciation to President Wayne L. Hays and conveys to him expression of gratitude for all his work to promote friendship across the Atlantic, and best wishes from all of his colleagues.

RESOLUTION 44

on an improvement of the world economic order

The Assembly,

Recalling its Resolution 30, adopted at the 21st Annual Session in September 1975;

Noting the results of international discussions with regard to the achievement of a "new international economic order", mainly in the framework of the United Nations General Assembly, UNCTAD and the "North-South Dialogue" in Paris;

Concerned by the failure of the member governments of the Alliance to determine so far a common stand on the scope and objectives of their negotiating position towards the developing countries;

Convinced that a failure in achieving an agreement with those countries could imply the risk of entering an age of festering resentment, increased resort to economic warfare, a hardening of new blocs, the undermining of co-operation, and the erosion of international institutions;

URGES the member governments of the North Atlantic Alliance:

1. to develop a common policy concerning the future shape of the world economic order;

2. to offer developing countries concrete proposals on a restructuring of the world economy and a new world-wide division of labour;

3. to work out an effective export earnings stabilization scheme for the developing countries to allow them to develop and diversify their economies, taking into consideration the experience gained in the framework of the STABEX scheme, as established by the EEC under the Lomé Convention.

RESOLUTION 45

on a joint strategy for further economic development

The Assembly,

Welcoming the economic recovery in most member countries;

Mindful of the economic difficulties of some member countries, which, for various reasons, have not been able so far to find an appropriate policy out of the world recession;

Stressing the need for improved co-operation with regard to achieving a comparable level of economic development;

Underlining the importance of making every possible effort to develop the necessary instruments to prevent another recession, similar to the recent one;

URGES the member governments of the North Atlantic Alliance:

1. to study carefully the origins of the recent world-wide economic recession and to draw the necessary political conclusions;

2. to improve their co-operation by holding regular economic summit meetings;

3. to maintain specific policies of co-operation and solidarity towards member countries of the Alliance facing particular difficulties;

4. with regard to the improvement of international economic co-operation, to ask all institutions dealing with statistics to work out a scheme to make it possible to

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compare the different economic figures, especially those on unemployment and inflation.

RESOLUTION 46

on floor prices for raw materials and their impact on international trade

The Assembly,

Considering the implications of fixing floor prices for certain raw materials;

Mindful of the necessity of protecting investments in the exploitation of indigenous raw materials resources which are undertaken to decrease national economic dependence on certain raw materials supplies;

Stressing, however, that this protection would also be possible through other ways and means than the fixing of the floor price;

Desirous to minimize the obstacles for a just and open world trade and economy;

URGES the member governments of the North Atlantic Alliance:
to abstain from fixing floor prices for raw materials and to develop alternative solutions for the protection of investments in the exploitation of indigenous raw materials.

RESOLUTION 47

on energy supplies

The Assembly,

Appreciative of the work done in 1976 by the Joint Sub-Committee on Energy Supplies;

Deploring the failure to diminish the dependence of its member countries on oil imports from Arab oil exporting countries;

Underlining the imminent possibility of a new oil shortage in 1977;

Recognizing the most useful international work done in the framework of the OECD, its International Energy Agency and elsewhere;

Noting the energy conservation efforts in all countries;

Believing that due to lack of competitiveness or sufficiently advanced technology, alternative energy sources will not, in the near future, bring the decisive relief for the energy supplies situation which it was hoped they would provide;

URGES the member governments of the North Atlantic Alliance:

1. to make every effort to achieve an early agreement with the non-European oil exporting countries on mutually fruitful co-operation;

2. to continue the efforts to save energy, and to develop the maximum potential for further energy conservation, especially by applying all measures recommended by the International Energy Agency;

3. to continue giving support for energy research and development programmes even if, for the time being, some alternative energy sources are not competitive.

RESOLUTION 48

on the human, cultural, educational and informational aspects of the Conference on Security and Co-operation in Europe

The Assembly,

Believing that the continuation of the process of "détente" between East and West is in the interest of both;

Noting that "détente" must yield improvements in the daily lives of people for it to be regarded as truly significant;

Mindful of the many charges and countercharges from both East and West regarding a lack of implementation of the humanitarian aspects of the Conference on Security and Co-operation in Europe;

Emphasizing the continuing necessity to carefully monitor developments, positive and negative, in the so-called "Third Basket" of the Helsinki Agreement in order to adequately prepare for the follow-up conference scheduled to take place in Belgrade in June 1977;

Recognizing the contribution to this monitoring being made by the Sub-Committee on the Free Flow of Information;

Recognizing also that Western views on implementation of the humanitarian aspects of the Conference on Security and Co-operation in Europe evidence some differences;

Recognizing further that access to information is prerequisite to parliamentary policy considerations regarding the forthcoming CSCE follow-up conference to be held in Belgrade;

URGES the member governments of the North Atlantic Alliance:

1. to take a most careful accounting of the implementation of the human, cultural, educational and information obligations in the Helsinki Accord;

2. to make every effort to co-ordinate their positions in order to speak, as much as possible, with one voice regarding implementation in the "Third Basket" of the Conference on Security and Co-operation in Europe at the follow-up conference in Belgrade;

3. to make periodic and detailed reports to the parliaments of their respective countries;

4. to include members of parliament in their delegations to the follow-up conference.

RESOLUTION 49

on the protection of North Sea energy sources

The Assembly,

Recognizing the importance of the new oil and gas installations to the economies of member countries;

Emphasizing the vulnerability of these installations to a wide range of threats both during times of peace and war;

Concerned at the substantial increase in size and economic importance of this responsibility and the inadequacy of present protective measures;

Welcoming the decision that NATO will co-ordinate their protection in time of war;

Noting the vital necessity for good communications and crisis control;

Welcoming the formation of the ad hoc Regional Conference;

URGES the interested member governments of the North Atlantic Alliance:

1. to ensure maximum co-ordination with regard to standardized equipment and doctrine;

2. to establish a centralized crisis management and communications organization;

3. to establish machinery for the rapid transfer of responsibility to NATO in time of tension.

RESOLUTION 50

on Atlantic co-operation for tactical combat aircraft

The Assembly,

Concerned that standardization is one of the most important objectives the Alliance has to reach to strengthen its interior capabilities by furthering the cost effectiveness of the financial input member countries undertake;

Concerned that the best way to get full standardization is to begin as early as possible the standardization of military requirements and at least common production of main weapon systems;

URGES:

that members governments participating in the European Programme Group obtain agreement as soon as possible to co-operate with the United States government in order to reach a US-European Memorandum of Understanding for a common requirement, design and development of a tactical combat aircraft for the late 1980's and the 1990's.

RESOLUTION 51

on interoperability of communication systems

The Assembly,

Recognizing that seven NATO nations plan to introduce new major tactical communication systems of six different types in the next seven years;

Recognizing that not one of these seven systems is directly interoperable with any of the others or with the NATO integrated communications systems;

Recognizing that it will be 1995 or later before the equipment can be realistically replaced with fully standardized inter-operable systems;

URGES:

the NATO countries concerned to work together while there is still time in order to achieve a more acceptable measure of interoperability.

RESOLUTION 52

on European defence co-operation

The Assembly,

Recognizing the necessity of the development of a co-ordinated European approach to the development and production of armaments within the Alliance;

Welcoming the formation and progress of the European Programme Group as a tangible sign of co-operation between European members of the Alliance in this field;

Noting that the activities of the Eurogroup continue in fields not covered in the European Programme Group;

Concerned that the future progress of the European Programme Group should be maintained within the framework of the Alliance;

Concerned that the impetus developed by the Eurogroup towards the establishment of a "two-way street" with the United States in the development and production of armaments should not be lost;

Convinced that negotiations between members of the Alliance on armaments programmes would be greatly facilitated if compensation agreements did not necessarily have to take place on a project by project basis;

Welcoming the legislation recently passed by the Congress of the United States concerning standardization and European co-operation as a sign of the seriousness of United States intentions towards this issue;

Recognizing the need for a European response to these declarations;

Urges all European member governments:

1. that European co-ordination in the development and production of armaments as developed in the European Programme Group should take place within the framework and the spirit of the Alliance with its final objective the development of a cohesive European response to the United States;

2. that if the European Programme Group fails to facilitate a European response that will further Alliance standardization, the Eurogroup redevelop its earlier initiative concerning the "two-way street";

3. to develop a mechanism comparable with that of the American/Canadian material co-operation agreements which will facilitate multiproject compensation between member states over a number of years;

4. to examine seriously the need for a permanent secretariat for the European Programme Group in order for it to function as a European Procurement Agency.

RESOLUTION 53

on a common nuclear export policy

The Assembly,

Recognizing that the spread of nuclear weapon capabilities threatens world peace, undermines the security of NATO and the stability of the international community generally;

Recognizing that the spread of nuclear weapons capability is facilitated by the commercial sale or transfer of plants which separate plutonium from spent reactor fuel, by exports of strategically significant quantities of highly enriched uranium, separated plutonium, or plutonomium-bearing reprocessed reactor fuel and by the way the storage of nuclear wastes is handled;

Recognizing that such activities give a recipient country a near-term capability for nuclear weapons which creates anxieties and instabilities among other countries irrespective of whether a recipient country actually takes the final step of producing nuclear weapons itself;

Recognizing that the technology and arrangements for effectively safeguarding nuclear material which can be fashioned into nuclear bombs are not yet at hand;

Recognizing that peaceful nuclear power has in the view of many nations an important and legitimate role to play in helping nations to meet the problems of the worldwide energy crisis and the problems created by the monopolistic practice of the OPEC oil exporting nations;

Recognizing that the principal suppliers of nuclear material and technology have already joined together informally in the so-called 'nuclear suppliers club' to seek co-ordination of policies and practices respecting nuclear exports to non-nuclear weapons states;

URGES the governments of the member countries of the North Atlantic Alliance:

1. to agree forthwith to defer for the present the transfer of nuclear reprocessing facilities to non-nuclear weapons countries pending agreement upon satisfactory international safeguards and standards designed to prevent the proliferation of nuclear weapons capabilities;

2. to consider the desirability of regional centres for recipient countries under effective international control for the storage of spent reactor fuel, the fabrication of low-enriched uranium fuel elements, and the conduct of critical reactor experimentation;

3. to insist that nuclear safeguards provide for timely warning of diversion of nuclear material capable of making atomic weaponry;

4. to support urgently efforts to strengthen, expand and update the authority and capability of the IAEA, Euratom, and/or other international institutions now existing or which may be established, to deal with nuclear facilities provided to non-nuclear weapons states for the purpose of preventing the proliferation of nuclear weapons and further adherence to the Nuclear Non-Proliferation Treaty, while facilitating the development of peaceful uses of nuclear power.

RESOLUTION 54

on the coming to power of Communist parties

The Assembly,

Disturbed at the impact that the coming to power in member countries of the Alliance of representatives of Communist parties would have on the structure and solidity of the Atlantic Alliance;

Expresses its scepticism at statements by some of the representatives of these parties undertaking to respect the expression of universal suffrage within a society that would remain pluralistic, and to maintain alliances already concluded, primarily the Atlantic Alliance;

Takes the view that giving credence to the declarations of some of the Communist parties referred to above would lead to disarming public opinion with respect to the pursuit of the necessary defence policy for the West;

Recalls that the main aim of the Alliance is, while guaranteeing the right of all peoples to self-determination, to defend the fundamental principles of a free society and that such defence cannot compromise with the danger that the coming to power of parties whose collectivist doctrine is diametrically opposed to those principles would represent.

RESOLUTION 55

on future East-West relations and détente

The Assembly,

Recalling that the relaxation of tensions is one of several important elements of security between East and West;

Concerned at the lack of progress of East-West negotiations on arms control and disarmament, especially the selective détente policy by the Soviet Union pursued for the unilateral military improvement of Soviet positions worldwide;

Deploring the reluctance of East European countries to implement the Final Act of the CSCE in all aspects, especially in the sphere of human rights, the reuniting of families and the freer exchange of peoples, ideas and information;

Referring to the obligations incurred by the participants in the CSCE concerning the respect for human rights as an essential prerequisite to friendly relations between nations, and in particular to the glaring example of violations of human rights at the inner-German border, which also constitutes the dividing line between NATO and the Warsaw Pact;

Considering that détente and East-West co-operation have already had some results which have made possible more human and economic contacts;

Stressing the need for further improvements of these and other contacts and the continuity of the détente process;

URGES member governments of the North Atlantic Alliance:

1. to press for new initiatives which can help to stop an arms race and facilitate arms control measures;

2. to review thoroughly and realistically all results in implementing the Final Act of the CSCE before CSCE participants meet in Belgrade in June 1977, and to decide on the approach Alliance members should take with respect to future détente policies;

3. to bring political and moral influence to bear on the Government of the German Democratic Republic, causing it to respect within its territory all obligations on human rights and fundamental freedoms according to the Final Act of CSCE and the respective documents of the United Nations.

RESOLUTION 56

on Alliance political problems

The Assembly,

Welcomes the report of the General Rapporteur to the Political Committee as a valuable personal contribution by him to a new and sustained reassessment of Alliance political problems in the light of our experience of the consequences of détente and notes its contents;

Reaffirms its determination to ensure that the security preparations of the Atlantic Alliance be maintained at a level which will provide an effective shield for the Alliance and all of its constituent members against unacceptable military and psychological pressure which might result from the continued buildup of the military capabilities of the Soviet Bloc; and

URGES the member governments of the North Atlantic Alliance:

to support the suggestion of President-Elect Carter that the time has come for a new architectural effort within the Alliance with an appreciation of the supreme importance of giving the highest priority to the economic health of members of the Alliance in order best to achieve its objectives, namely peace and prosperity with justice to the people of the world.

RESOLUTION 57

on Spain

The Assembly,

Considering the role played by Spain in the overall defence pattern of Western Europe;

Considering the progress made by that country towards making its institutions democratic;

Considering that it is desirable and in the joint interests of both parties for the Assembly to establish relations with Spain;

Considering, however, that such contacts should not lead to the approval of any procedure for the admission of Spain to the Alliance until democratic conditions are fully reestablished in that country;

Welcoming the efforts made by the Spanish Crown and Government to lead their country towards democracy;

EXPRESSES the wish that Spanish parliamentary observers should be invited to attend future meetings of the Assembly immediately after the next free general elections;

STATES, however, that admission of Spain to the Alliance proper cannot be considered until such time as a truly democratic system has been fully restored in that country.

RESOLUTION 58

on Southern Africa

The Assembly,

Concerned at the deterioration of the political situation in Southern Africa which constitutes a threat to international peace and security;

Considering that member countries must adopt a position of responsibility towards this situation based on a concern for human rights, a commitment to greater economic and social justice in the world, and a desire for international peace and security;

Confirming the United Nations Charter which states that "international peace can only be obtained on a foundation of self determination, fundamental freedom and human rights, for all without regard to race, sex, language or religion";

Condemning the policy of racial discrimination known as "apartheid" practised by South Africa as totally abhorrent and utterly irreconcilable with the fundamental rights and freedoms established by the Charter of the United Nations and the Universal Declaration of Human Rights;

Condemning South Africa's policy of continued illegal occupation of, and the extension of apartheid to Namibia, and her refusal to comply with the demands of the Security Council;

URGES the member governments of the North Atlantic Alliance:

to give every assistance and encouragement to the peaceful achievement of majority rule in Zimbabwe (Rhodesia) and Namibia.

RESOLUTION 59

on science and the arms race

The Assembly,

Considering that military research has a decisive impact on the development of new arms;

Noting the progress being made in the field of modern non-nuclear weapons such as biological, chemical and environmental weapons, the evolution of conventional weapons with the aid of electronics and future prospects for the development of the laser weapon;

Welcoming the awakening of public awareness in many Western countries of the unfortunate influence of science on the arms race;

URGES the member governments of the North Atlantic Alliance:

1. to undertake, with the help of NATO's Scientific Division, a study of the consequences of the arms race on international discussions on disarmament;

2. to publish this study;

3. to support every initiative taken with a view to modifying the arms race, provided that these initiatives are genuinely multilateral and involve no unilateral weakening of the Alliance;

4. to encourage programmes which direct the interest of scientists and researchers towards fields which also constitute challenges to our societies: food, energy, raw materials, medicine, the exploitation of oceans and the protection of the environment.

RESOLUTION 60

on a rational development of the oceans

The Assembly,

Noting the growing interest at the international level for all questions pertaining to the oceans;

Noting the tremendous prospects for the exploitation of marine resources;

Regretting the failure so far to achieve an international consensus at the United Nations Law of the Sea Conference;

Hoping, however, that it will become possible to realize the concept of the oceans being a common heritage for humanity;

URGES the member governments of the North Atlantic Alliance:

1. to undertake the necessary steps regarding the early ratification of the proposed two-hundred mile economic zone;

2. to support the proposal of creating an international body, under the United Nations, entrusted with regulating and managing sea development outside the two-hundred mile economic zone;

3. to establish a "common heritage fund for humanity" to be managed by the United Nations, to which developed countries would allocate a certain percentage of their revenues from exploiting the two-hundred mile economic zone, and to use this fund, among other things, for the promotion of marine environment protection and of the transfer of technology to developing countries;

4. to establish institutions and mechanisms for the efficient control of the transnational corporations' activities in the development of marine resources, with a view to regulating foreign investments and restrictive practices in the development and exploitation of marine resources, as well as transfers of technological patents.

RESOLUTION 61

on control of narcotics

The Assembly,

Recalling its Recommendation 13 adopted at the 1971 Annual Session in Ottawa;

Noting the actions taken by the member governments of the Alliance on Recommendation 13;

Deploring that uncontrolled and illicit cultivation of the opium poppy, the coca bush and the cannabis plant continues on a substantial scale, especially in Eastern Asian countries and in Mexico;

Underlining the importance of continued vigilance, since drug abuse has not by any means diminished;

Regretting that the 1971 Convention on Psychotropic Substances could still not enter into force, being the only drug control treaty which has not obtained the necessary number of accessions;

URGES the member governments of the North Atlantic Alliance:

1. to make every effort to ratify and implement the 1971 Convention on Psychotropic Substances, and the 1972 Protocol amending the 1961 Single Convention on Narcotic Drugs;

2. to insure, in accordance with Article 35 of the 1961 Single Convention on Narcotic Drugs, that illicit narcotic traffic suppression programmes are effectively co-ordinated at the national level, and to assist and co-operate with each other and all other interested governments and international organizations in combatting the illicit traffic in narcotic drugs.

3. to make every effort to insure that the production of the opium poppy, the coca bush and the cannabis plant is strictly limited to medical and scientific requirements;

4. to initiate in their respective legislatures legislation providing for close co-ordination between the criminal justice system and the health care delivery system in order to insure the timely and effective treatment of narcotic addicts who may be charged with or convicted of drug-related criminal offences;

5. to give strong support to the work of the United Nations Commission on Narcotic Drugs and to increase their contribution to the United Nations Fund for Drug Abuse Control;

6. to exchange information and research and to authorize technical and other forms of mutual assistance relat-

ing to the prevention and treatment of drug abuse in order to assist member governments in developing effective programmes for the treatment and rehabilitation of narcotics addicts.

RESOLUTION 62

on technological development and unemployment

The Assembly,

Considering the state of unemployment in the different member countries of the Alliance;

Deploring the waste of human resources which is implicit in large unemployment;

Mindful of the difficulty in using traditional means of combating unemployment, given the considerable scheme of structural unemployment in overall figures;

Noting the various policy options currently under discussion in all member countries, such as creating more public jobs or redistributing the work available through a reduction of working hours, a lowering of the pension age, a ban on overtime work, a prolongation of the schooling period, a continuous educational training of each individual according to changes in the structural development or other measures;

Convinced that any appropriate further policy aimed at taking precautions against structural unemployment could be ruined if no attempt is made towards establishing a system of economic forecasting and co-ordination;

Noting that no studies have been undertaken so far which provide politicians with the necessary background material for further decisions on the unemployment problem;

URGES the Organization for Economic Co-operation and Development:

1. to undertake an indepth study into the problem of technological development and unemployment, taking into consideration the above-mentioned aspects;

2. to make the results of the study available to the public.

RESOLUTION 63

on the Committee on the Challenges of Modern Society (CCMS)

The Assembly,

Recalling its Recommendation 52 adopted at the Annual Session in 1975;

Welcoming the results of the three pilot studies completed in 1976 on coastal water pollution, advanced health care and urban transportation;

Stressing the importance of the three new studies launched at the same time on nutrition and health, the control of pollution of seas and flue-gas desulfurization, the latter constituting an excellent example of a study embodying two equally important aspects: increasing energy supply and protecting the environment;

URGES the member governments of the North Atlantic Alliance:

1. to work towards international regulations of the sea routes used by large bulk carriers of hydrocarbon with a view to reduce the risk of accidents and their possible consequences for the coasts;

2. to urge CCMS national delegations to ensure more publicity for the results achieved;

3. to strengthen the measures taken to implement the recommendations and resolutions issuing from the pilot studies of the Committee on the Challenges of Modern Society and adopted by the North Atlantic Council;

4. to make greater use of the round table organized during Plenary meetings of the Committee on the Challenges of Modern Society as a forum for the exchange of information and opinion policies on environment protection.

RESOLUTION 64

on satellite technology

The Assembly,

Noting that satellite technology offers tremendous opportunities to mankind in achieving solutions to major problems relating to food and mineral production, transportation and communication;

Commending the United States for leadership in the development and management of earth observational satellites;

URGES member governments of the North Atlantic Alliance and the government of the United States in particular:

1. to take steps to assure that there will be no gap in the data flow from LANDSAT scanners (LANDSAT 1 launched 23 July 1972; LANDSAT 2 launched 22 January 1975; LANDSAT C to be launched 3rd quarter 1977; LANDSAT D proposed launch in 1981) and to assure that satellite development Kimbus B (scheduled for 1978) and successor Sea-Sat ocean scanner satellites proceed on schedule;

2. to move towards an operational global earth resources information system which will provide on an equitable basis to all nations satellite data within a short time (1-4 days) after acquisition;

3. to seek international participation to design an international institutional framework to implement and manage the equitable distribution of land and sea resources data;

4. to design and implement educational programmes to assure the effective transfer of this information technology to the developing countries.

ORDER 15

on a parliamentary staff exchange programme

The Assembly,

Aware that the parliamentary staff who assist the national delegations of the Assembly perform an extremely significant role in the work of the Assembly;

Recognizing that it would be highly desirable for parliamentary staff members to acquire an understanding of the operating procedures in the parliaments of member countries;

Recognizing also that parliamentary staff members would greatly benefit from an understanding of the attitude member parliaments have towards the Alliance;

Mindful that understanding of the operating procedures and attitudes of member parliaments is best achieved from direct observation in another parliament;

Recalling Order 13 on a parliamentary staff exchange programme;

Recalling also that the General Report of 1975 observed that while the funding and administration of such a programme had encountered some difficulties, the Chairman and the International Secretariat believed this was a programme worth pursuing;

REQUESTS:

the Standing Committee to ask the International Secretariat to study further the feasibility of establishing and financing a programme of exchange between parliamentary staff members whose work directly benefits the Assembly.

ORDER 16

on the survey of textbooks used in the school systems of selected Alliance countries

The Assembly,

Welcoming the final Report on the survey of the contents of textbooks used in the school systems of selected Alliance countries;

Thanking the Atlantic Information Centre for Teachers for remaining cooperative and responsive throughout the period covered by this study;

Noting that a study such as this may well be of interest to a much wider audience;

Recognizing that due to the qualitative and quantitative aspects of this study a judicious use of the study will require some consideration;

REQUESTS:

the Standing Committee to take under consideration the matter of how this material may best be used so as to contribute to a greater public understanding of the present state of the Alliance.

ORDER 17

on relations between the Assembly and NATO

The Assembly,

Considering the importance of the work of the North Atlantic Assembly in helping to realize the objectives of the North Atlantic Alliance;

Recognizing the critical importance of the economic problems faced by member countries of the Alliance and the need to utilize the provisions of Article 2 of the North Atlantic Treaty;

REQUESTS:

the President of the Assembly and the Standing Committee to confer with the Secretary General of NATO and other appropriate authorities in the Alliance in order to establish better means for receiving, considering and conveying the answers of the NATO Council to all the recommendations and inquiries of the Assembly, and to establish the part the Assembly should take in the work of the Alliance and in pursuance of all its objectives.

ORDER 18

on national defence budgets

The Assembly,

Instructs its Secretary General to investigate, evaluate and report on the procedures adopted in the national parliaments of the Alliance for the consideration and approval of national defence budgets.

THE SENATE

Wednesday, February 2, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PATRIATION OF THE CONSTITUTION

LETTERS FROM PRIME MINISTER TO PROVINCIAL PREMIERS PRINTED AS APPENDIX

The Hon. the Speaker: Honourable senators, yesterday the Leader of the Government tabled a number of documents, and among them were copies of letters from the Prime Minister of Canada to the premiers of the provinces concerning the patriation of the Constitution, with draft resolution attached thereto, dated January 19, 1977, as recorded in the *Minutes* of the Senate at page 179.

Incidental to this proceeding the Honourable Senator Forsey requested that the letters be printed in the *Debates of the Senate*. The following exchange with respect to this request took place, and will be found at page 279 of yesterday's *Debates*:

> THE HON. THE SPEAKER: Honourable senators, is it agreed that the letters referred to by Senator Forsey be printed in the *Minutes* of today's proceedings?
>
> SENATOR GROSART: No. If it is with leave, no.
>
> THE HON. THE SPEAKER: On division?
>
> SENATOR GROSART: No. There is no motion. No leave.
>
> THE HON. THE SPEAKER: Is there a majority of senators saying yes?
>
> SENATOR FLYNN: I heard two "nos."
>
> THE HON. THE SPEAKER: Those who are in favour, say yes.
>
> SOME HON. SENATORS: Yes.
>
> THE HON. THE SPEAKER: Those who are against, say no.
>
> SENATOR FLYNN: No. It requires unanimous consent. There is no motion before the house. If there is a motion that is another thing, but there is no motion before the house. In any event, it is not because I do not want to help my good friend, Senator Forsey. I offered him my copy.

I then indicated that I would take the matter under advisement.

The question concerns the proper procedure to be followed when an honourable senator desires to have a document printed in the *Debates of the Senate* or in the *Minutes of the Proceedings of the Senate*, or both.

I should like to refer to the rules of the Senate that were in force in that regard prior to 1968; that is, before the rules of the Senate were revised by the Special Committee of the Senate on the Rules of the Senate. Rule 100 as it was then numbered read as follows:

> All papers laid on the Table stand referred to the Joint Committee on Printing, who decide and report whether they are to be printed.

The special committee recommended that this rule be replaced by the present rule 109, which reads as follows:

> The printing or publishing of anything relating to the proceedings of the Senate shall be as ordered by the Senate.

The explanatory note contained in the special committee's report is to the effect that this rule is intended to eliminate all doubts concerning the printing of documents as appendixes to the *Debates of the Senate* and to the *Minutes*.

Since the adoption of the revised rules of the Senate in 1968, the Senate is now governed by rule 109, which I just quoted, and by rule 5(j), which defines the expression "ordered by the Senate" as meaning "ordered by majority decision."

It has been a long standing practice in the Senate that when a senator desires that a document be printed as an appendix to the *Debates of the Senate* or to the *Minutes*, the senator may so request without a formal motion. The Speaker will then put the question as follows:

> Is it agreed, honourable senators, that (*and the Speaker repeats the senator's request in that regard*).

If agreed, it is then so ordered. In fact, yesterday, when Senator Yuzyk resumed the debate on Senator McElman's inquiry respecting the Twenty-second Annual Session of the North Atlantic Assembly, he requested that a certain document to which he referred be printed as an appendix to the *Debates of the Senate* and the *Minutes* and it was agreed and so ordered.

● (1410)

Indeed, on October 22, 1976, Senator Perrault tabled letters exchanged between the Prime Minister and the Premier of Alberta concerning the patriation of the Constitution, and Senator Forsey asked that the correspondence be printed as an appendix to that day's *Debates of the Senate* and it was agreed and so ordered.

In the case of Senator Forsey's request yesterday, agreement was not expressed and the debate to which I referred earlier took place. I now have to make a decision and, in doing so, I am guided by rules 109 and 5(j). I am also guided by Beauchesne's *Parliamentary Rules and Forms*, 4th edition, citation 8, paragraph 3, which reads as follows:

> In the interpretation of the rules or standing orders the house is generally guided, not so much by the literal

construction of the orders themselves as by the consideration of what has been the practice of the house with respect to them.

Consequently, in view of the present rules relating to the printing of documents as appendixes to the Senate *Minutes* and to the *Debates of the Senate* and the practice of this house with respect to those rules, I rule that leave of the Senate is not required if a senator, in the course of his speech, requests to have a document printed in the record or to have certain material appear in the body of his remarks or be printed as an appendix to the *Debates* or to the *Minutes of the Proceedings of the Senate*. It may be ordered by a majority decision of the Senate. So, honourable senators, I now ask you if it is agreed that the letters be printed as requested by Senator Forsey.

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Those who are in favour please say yea.

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against please say nay.

Some Hon. Senators: Nay.

Senator Argue: On division.

Senator Flynn: Oh, no, not on division.

The Hon. the Speaker: In my opinion the yeas have it.

Senator Flynn: Then let us have a vote on it.

And more than two honourable senators having risen.

The Hon. the Speaker: Call in the senators.

● (1420)

Honourable senators, the question is: Shall the copies of letters from the Prime Minister of Canada to the premiers of the provinces concerning patriation of the Constitution, with resolutions attached thereto, dated January 19, 1977, be printed in the *Debates of the Senate* for this day?

Will those who are in favour—

Senator Flynn: On a point of order. I have not heard who moved the motion and who seconded the motion.

The Hon. the Speaker: There is no motion.

Senator Flynn: There is no motion? Then what is there?

The Hon. the Speaker: There is a question.

Senator Flynn: There is a question by whom?

The Hon. the Speaker: By Senator Forsey.

Senator Flynn: Has he a seconder? Has anybody seconded? Nobody has seconded.

Senator McIlraith: The vote has been called.

Senator Flynn: The vote may have been called, but I am drawing the attention of the Senate to the irregularity of the question.

Senator McIlraith: You cannot raise a point of order at this point.

Senator Flynn: When can I raise it? After it has been done?

Senator McIlraith: Either before vote proceedings are started or after—preferably before a vote is called.

Senator Flynn: Let us discuss my point of order. I will be pleased to listen to Senator McIlraith.

Senator Smith (Colchester): Actually, nobody asked to vote.

Senator Flynn: I intend to ask for clarification from the Speaker. Who moved it and who seconded it?

The Hon. the Speaker: It is only a question now. Those in favour of the printing of the letters please rise.

Senator Flynn: That is not the way to put the question.

The question was resolved in the affirmative on the following division:

YEAS
HONOURABLE SENATORS

Argue	Lafond
Barrow	Laird
Bell	Lamontagne
Benidickson	Lang
Bonnell	Lucier
Bourget	Macnaughton
Cameron	Manning
Carter	Marchand
Cook	McElman
Cottreau	McGrand
Croll	McIlraith
Davey	McNamara
Denis	Michaud
Deschatelets	Molson
Desruisseaux	Norrie
Eudes	Perrault
Everett	Petten
Ewasew	Riel
Fournier (*Restigouche-Gloucester*)	Riley
	Rizzuto
Fournier (*de Lanaudière*)	Rowe
Godfrey	Smith (*Queens-Shelburne*)
Goldenberg	van Roggen
Graham	Williams.—(49)
Hayden	
Inman	

The Hon. the Speaker: Those against the printing of the letters?

NAYS
HONOURABLE SENATORS

Asselin	Neiman
Beaubien	Phillips
Burchill	Quart
Flynn	Smith (*Colchester*)
Grosart	Yuzyk.—(11)
Macdonald	

The Hon. the Speaker: Honourable senators, it is so ordered.

(*For text of letters, see appendix "A", p. 297.*)

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Ministry of State for Science and Technology for the fiscal year ended March 31, 1976, pursuant to section 22 of the Ministries and Ministers of State Act, Part IV of Chapter 42, Statutes of Canada, 1970-71-72.

Copies of Federal-Provincial Memorandum of Understanding in respect of the Administration and Management of mineral resources offshore of the Maritime Provinces, together with Joint Communiqué from Canada and the Provinces of Nova Scotia, New Brunswick and Prince Edward Island, dated February 1, 1977, issued by the Office of the Prime Minister of Canada.

MEMORANDUM OF UNDERSTANDING AND JOINT COMMUNIQUÉ PRINTED AS APPENDIX

Senator Macdonald: Honourable senators, may I ask that the Memorandum of Understanding dealing with the offshore minerals, together with the Joint Communiqué, be printed as an appendix to today's *Hansard*?

● (1430)

An Hon. Senator: Agreed.

Senator Perrault: Is there a motion?

Senator Flynn: Apparently no motion is required.

Senator Macdonald: I am requesting it.

Senator Bourget: We will do it for you.

Senator Grosart: We have changed our rules. Anyone can put a question to the house now. According to the rules, only the Speaker can. We just had Senator Forsey put a question. Now anyone can put a question.

Senator Flynn: Is it agreed?

Hon. Senators: Agreed.

Senator Perrault: There is no objection from the government side if it would be useful to have this information available to the public.

Senator Flynn: We should have all documents tabled by the Leader of the Government printed as appendixes to *Hansard*.

Senator Grosart: If someone asks that such documents be printed.

Hon. Senators: Agreed.

(*For text of Memorandum of Understanding and Joint Communiqué, see appendix "B", p. 304.*)

HER MAJESTY THE QUEEN

SILVER JUBILEE CELEBRATION—QUESTION ANSWERED

Senator Perrault: Honourable senators, on December 14, 1976, the following question was asked by Senator Williams:

> I should like to ask the Leader of the Government if the competition for a design of that medal to be presented to distinguished Canadians will include all artists in Canada?

The answer is: No. This is a closed rather than an open competition. As yet, there have been no invitations tendered, but it is my understanding that four known medallists will be invited to compete.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. W. M. Benidickson moved the second reading of Bill C-15, to amend the Customs Tariff.

He said: Honourable senators, this bill is one of several which follow budget presentations, the others normally dealing with amendments to the Income Tax Act, the Excise Tax Act, and occasionally other acts. The bills we are now receiving basically give effect to the budget presentation of May 25, 1976, and they were preceded by a ways and means motion. The notice of ways and means motion, tabled in the House of Commons at the time of the budget, contains some tariffs detail that is not provided in the bill which is now before us. The Commons ways and means motion provides information as to the rates of tariff that were in effect prior to the proposals brought forward on budget night. Bill C-15 does not provide that information.

For the benefit of new senators, and those who find these financial bills rather complicated, perhaps I should outline briefly the source of material for proceeding in the debate and the study of this bill by the Senate Banking, Trade and Commerce committee. The notice of ways and means motion, as I indicated, was first contained in the *Votes and Proceedings of the House of Commons* of May 25, 1976, and members of Parliament in both houses were later provided with a budget packet which, in larger print and with headings, and so forth, made it easier for them to see the various categories of taxation that were being affected.

The first notice of ways and means motion was tabled in the other place on May 25, 1976, and copies are available through the distribution office. It was copied and circulated last session in a more convenient form, being item "A" of the Budget Papers. The budget speech is also available in a green covered

document which is easier to read than *Hansard* of the other place, and that, too, is available from the distribution office.

The references to tariff changes appear at page 26 of the green covered copy of the budget speech, as well as at page 13,829 of *Hansard* of the other place of May 25, 1976.

The bill before us replaces Bill C-95, which was introduced in the last session but not proceeded with to the final stages. The amendments to tariffs in Bill C-15 are based fundamentally on the budget of 1973, and in that connection perhaps I could read from the introduction to the references made to tariff changes by the Minister of Finance on budget night, May 25, 1976, when he said in the Commons:

> I should like now to deal with certain tariff changes. Honourable members will recall that in February, 1973, tariffs were cut on a wide range of consumer products in order to moderate upward pressures on prices. These reductions were originally introduced for one year only but most were subsequently renewed until June 30, 1976.

The provisions of the 1973 budget in this connection ran out, and in February 1974, by a special ways and means motion, the provisions were renewed until June 30, 1974. The budget of May 1974 then extended those changes to the end of 1974. That budget, as all honourable senators will no doubt recall, was defeated, resulting in a general election. On July 1, 1974, the rates reverted to the pre-February 1973 rates. A budget was presented in November 1974, which reintroduced, with some few exceptions, the basic reductions contained in the 1973 budget, and carried those reductions forward on a so-called temporary basis to June 30, 1976. The budget of May 25, 1976 proposed extending again most of the 1973 reductions in tariffs to June 30, 1977.

● (1440)

Budget Bill C-95, to amend the Customs Tariff, was not completely dealt with last session and it died on the order paper. This bill, C-15, is a reintroduction of the subject matter. It contains really just two changes or amendments since the budget of May 25, 1976. Those items relate to canned herring and scientific preparations imported by hospitals and other institutions such as universities. The authority for the alteration of these two items is to be found in the ways and means motion tabled in the House of Commons on October 13, 1976, in this current session of Parliament. These two amendments have effect as of October 14, 1976, while the remainder of the bill has effect as of May 26, 1976, the day following the last budget.

Clause 1, which is the principal provision of the bill, together with schedule I which is found at the back of the bill, provide for the extension until June 30, 1977 of a number of so-called "temporary" tariff reductions on consumer goods which, as I have said, were originally introduced as an anti-inflationary measure in the budget of February 1973. Were it not for this bill those numerous consumer-oriented tariff reductions would have expired on June 30, 1976.

In fact, a couple of tariff reductions, which were in force prior to June 30, have been allowed to expire, namely, those with respect to tires and tubes and scissors. They were dropped from the proposals contained in the budget of May 25 last because imports at the reduced tariff rates were causing serious problems for Canadian producers and workers.

This bill does relate to some new tariff reductions on several food products. These include fresh pork, ham, and bacon, about which I will have more to say later, as well as to macaroni and other pasta products. There is also provision for deeper tariff cuts than those previously in force on certain canned meats.

I should also comment on the item covering canned herring, tariff item 12200-1. Due to a printing error when the budget papers were being prepared, the reduced rate on that product was shown as 5 per cent rather than the intended 10 per cent. Under the terms of the present bill, the 5 per cent rate will remain in effect for the period from May 26 to October 13, but as of October 14, because of the new ways and means motion in this new session, it reverts to the intended 10 per cent, which is comparable to the so-called permanent or pre-February 1973 rate of 12½ per cent.

The temporary tariff reductions proposed in this bill affect imports, the estimated value of which will be about $1.6 billion in terms of 1975 imports. Close to half of these are in the food sector and cover such products as raw and refined sugar, fresh and processed vegetables, fish products, cereal foods and biscuits. Some of the more important products in the non-food sector which are covered by the package are drugs and pharmaceutical products, kitchen and dinner ware, plumbing fixtures, hand tools, photographic equipment and sporting goods.

Clause 2 and schedule II to the bill provide for the introduction of a number of miscellaneous tariff changes. The most important of these is the introduction of tariff item 42701-1, which provides for the withdrawal from Britain and Ireland of the 2½ per cent British preferential tariff on compressor sets and electricity generating sets. Canada ceased to be obliged to accord preferential tariff rates to Britain and Ireland when they became members of the European Economic Community. Although the government's policy has been to retain the existing preferential rates in the customs tariff, the Minister of Finance did announce in his budget speech that the department would be undertaking a comprehensive review of the tariffs on machinery from Britain and Ireland in view of representations from Canadian manufacturers to the effect that imports over the preferential rate were adversely affecting production in Canada.

This review, I can report, is now well under way. It was felt, however, that there was a need to act immediately in respect of compressor and generating sets. Therefore, commencing on May 26 last, the day following the budget, the most-favoured-nation rate of 15 per cent became applicable, although it will still be possible for importers to obtain remission of the duty under the machinery program for any sets that are not available from Canadian production.

I might say that this is not particularly significant as a departure from the British preferential tariff, in that I am

informed that the importation from Great Britain and Ireland of the items which I have specifically mentioned amounted to about $6 million-plus out of a trade in machinery generally imported from Great Britain of about $106 million.

The other miscellaneous tariff changes proposed in clause 2 of the bill are designed essentially to rectify certain inequities which have come to light. Several of them are in the form of amendments to existing items in order to clarify or broaden their coverage. Others are new provisions for the duty-free entry of such products as computer tapes containing seismic data, and special dietary foods required by persons who suffer from hereditary metabolic diseases. Such dietary foods would, for example, be low-protein and protein-free products. There is also provision for continuation on a permanent basis of tariff items providing for the temporary free entry of certain printing plates and irrigation equipment, and a continuation on a temporary basis of the duty-free provision for aircraft and aircraft engines. These latter aircraft free-entry items have appeared in all of the tariff amendment bills over the last number of years.

Clause 3 provides for amendment of the item covering goods for hospitals and other institutions which I referred to earlier, tariff item 69605-1. Among the wide range of products which are entitled to duty-free entry under this item are "scientific preparations." Until recently this particular item had been interpreted to mean preparations used directly in scientific research. However, the Tariff Board disagreed with this interpretation and ruled, in effect, last July, I think it was, that virtually any preparation used by the institutions named in the item was entitled to duty-free entry as long as it had been formulated or manufactured in a scientific manner. A number of these preparations are available from Canadian producers, so the purpose of this amendment, which was proposed and was new in the October 13 notice of ways and means motion, was to restore the coverage of the items to that which had prevailed before the Tariff Board decision.

● (1450)

Since October it has become evident that the revised wording cannot be administered to achieve the desired purpose. Indeed, it must be administered in such a way as to impose additional cost on hospitals and universitiess which import preparations that were duty free prior to the Tariff Board's decision. However, rather than propose a further amendment of this tariff item at the present time, the Minister of Finance has indicated that he will be seeking authority to rectify the problem by means of a remission of duties pursuant to the Financial Administration Act. This will enable the department to study the item in greater depth before any further legislative amendments are proposed.

Clause 4 and schedule IV to the bill will amend the provisions in schedule C of the basic Customs Tariff Act, which prohibits the entry of goods produced by prison labour, so that the Governor in Council can waive the prohibition in certain cases. He might, for example, want to do this when the goods are works of art, imported for public exhibition in Canada; or it may be that a Canadian abroad might purchase an article that, unknown to him, was produced by prison labour, and without this provision for waiving the prohibition in certain cases there might be a difficulty in that regard.

Clause 5 contains provisions regarding the coming into effect of the various clauses of the bill, and the expiry of the temporary tariff cuts on June 30, 1977. There is also a provision for restoring reduced rates of duty to their previous level by order in council prior to June 30, 1977. This authority will be used to deal with any cases where it is judged that continuation of the tariff cut until that date would cause genuine hardship to Canadian producers or workers. That refers to the lowered rates introduced, by and large, in the budget of 1973. I have made inquiries and have been given information that this opportunity to withhold or cancel the so-called temporary reduction of duty by order in council has been used very infrequently since 1973, and very sparingly.

I should point out that the Minister of Finance has already indicated, in the other house, that he intends to recommend that this withdrawal authority be used to restore the previous rate of duty on fresh and prepared pork just as soon as this bill has received royal assent. This is being done to help Canadian producers who have seen their returns shrink as a result of the greatly increased supply of pork which has become available from the United States.

The minister was questioned about using this procedure, rather than an out-and-out amendment, and *Hansard* of the House of Commons for Thursday last, January 27, 1977, records him as saying, in part:

> There are two possible ways of doing this; first, with an amended notice of ways and means, and to amend the bill itself in the committee of the whole. The rather more simple way is to follow the procedure suggested in the bill itself, that is, to make provision for an order restoring the level of protection. Under the circumstances, the latter would appear to be the more appropriate. I would now indicate to the House in closing the debate that it would be my intention, as soon as the bill is passed, to seek from the Governor in Council the authority to restore the tariff level on pork in light of the change in the markets.

Honourable senators, that is a brief summary of the fine print and numerous items of detail referred to in the papers I made reference to earlier and which are before you in Bill C-15 and its Schedules I, II, III and IV. I have already explained that those senators who want information as to what the changes are compared to pre-1973 rates of duty can obtain this by looking at the *Votes and Proceedings of the House of Commons* of October 13 last. That is the source for seeing what the rates were prior to these rather widesweeping changes that were made originally, in the budget of February 1973.

Senator Hicks: May I address a question to the honourable senator who has moved the second reading of this bill? This has to do with clause 3, referring specifically to tariff item 69605-1. I am not sure that I followed the honourable sena-

tor's explanation as to the status of this change as proposed in the bill, and I would like him to go over it again.

Just to help him, may I say that it seems to me that clause 3 reinstates the prescribed rates of duty specified in schedule III of the bill on items referred to there, and when I look at schedule III I see that it says that all three—the British preferential tariff, the most-favoured-nation tariff and the general tariff—are free in relation to these categories of goods which are of use to, and of interest to, hospitals, universities, scientific establishments, and so on. Will the honourable senator please explain to me again what he said about the government's intention concerning this tariff item.

Senator Benidickson: Senator Hicks, perhaps I should read in more detail the explanation that has been given to me concerning tariff item 69605-1, dealing with goods for hospitals, educational and other institutions.

> The purpose of the proposed amendment was to restore, as closely as possible, the coverage which the item had before the implementation of a Tariff Board decision on two appeals concerning the tariff classification of pharmaceutical preparations. For a number of years, Revenue Canada, Customs and Excise has interpreted the provision for scientific preparations as covering goods which were used in scientific research and analysis. The Tariff Board ruled that the word "scientific" refers to the nature or the manner in which an article has been prepared and that there is no restrictive condition in the item as to their use by qualified users.
>
> The effect of this Tariff Board decision would be to give duty-free entry to all preparations imported by qualifying institutions.

I am familiar with my honourable friend's interest in these institutions of an educational nature.

> These preparations, when used for other than research, have in the recent past generally been subject to a 10 p.c. duty (15 p.c. after June 30, 1977).

If there is no extension of this so-called temporary reduction in rates in the 1973 budget.

> All drugs and pharmaceuticals imported by hospitals for administration to patients, for instance, would have been allowed duty-free entry.

But some of these are produced in Canada.

Senator Hicks: It seems to me that this schedule does not in fact exempt them from duty.

Senator Benidickson: Well, I think that anything in the nature of detail of this type is better discussed in the Standing Senate Committee on Banking, Trade and Commerce, to which this bill, according to past practice, will doubtless be referred, and at which time representatives of the Department of Finance will be present.

● (1500)

I shall make a point of drawing Senator Hicks' question to the attention of Department of Finance officials, and the explanation will appear in the proceedings of the Standing Senate Committee on Banking, Trade and Commerce, to which I will move that this bill be referred.

Senator Hicks: Honourable senators, perhaps I might just say a word on the bill at this stage, on the assumption that its sponsor proposes to move that it be referred to the Banking, Trade and Commerce Committee.

Senator Benidickson: Yes.

Senator Hicks: My colleagues in the universities and research institutions of Canada have calculated that if the duties are restored on this it would cover a category of goods, running in value to many millions of dollars—as much as $30 million has been estimated—and used by hospitals, universities and research institutions across the country. If the provision obtains, one must distinguish between a particular chemical or piece of apparatus used for research or for teaching, which would be the immediate differential that would be of concern to universities, and that used in the care of patients, which would obtain in relation to hospital supplies and so on. It will, of course, mean the imposition of the very difficult task of determining what proportion of any given batch of chemicals, or what proportion of the time of any given piece of apparatus, and so on, relates to research and what relates to other uses, such as teaching or the care of patients in hospitals. I do think this is important.

For example, universities today depend upon governments across Canada for 75 per cent, and as much as 90 per cent, of their income. It seems that the government is really only imposing a burden upon itself when it takes away the duty-free status of hospitals and scientific and educational institutions of this kind.

When the bill is considered more carefully by the committee to which it is referred, I hope that the propriety of destroying this exemption, which has been enjoyed for some time by these institutions, will be inquired into very carefully.

Senator Grosart: For the purpose of further clarification, I wonder if I might ask Senator Benidickson if that is not exactly what the government says it intends to do? Will he perhaps confirm my reading of the bill, and the statements made here and elsewhere about the bill, that what has happened here is that the Tariff Board has made a ruling that brought these particular items under a duty and the minister intends to proceed under the Financial Administration Act to remit the duties—in other words, to reverse the decision of the Tariff Board? Is that the position?

Senator Benidickson: I think it is correct to say it alters the effect of the Tariff Board decision.

Senator Deschatelets: May I ask a supplementary question on the point raised by my colleague, Senator Hicks? With respect to the change provided in the bill referred to by him, does the sponsor have a breakdown of the amounts involved?

Senator Benidickson: No. Senator Hicks has, from some source, given an estimate, and I did ask for some information when I was asked to sponsor the bill. I indicated that in respect of the total tariff reductions provided in 1973 it was estimated

they affected value in trade of about $1.6 billion. I said that half were for food items. Then I indicated that drugs, pharmaceuticals and the other items I specified were the more prominent items in the other half, or non-food items. When I asked for a breakdown of the value in trade specifically on drugs and pharmaceuticals, kitchen and dinner ware, plumbing fixtures, hand tools, photographic equipment and sporting goods, I was not able to obtain it in the short period of time since the bill reached this chamber.

Senator Deschatelets: This will be provided in committee?

Senator Benidickson: Yes. I assure honourable senators that officials of the Department of Finance, who discussed this bill with me this morning, are most anxious to have tomorrow morning the comments of senators today on second reading. I believe the Banking, Trade and Commerce Committee is not likely to study this bill until some time next week.

On motion of Senator Grosart, debate adjourned.

CONFEDERATION

PROPOSED SPECIAL JOINT COMMITTEE TO EXAMINE MATTERS OF MUTUAL INTEREST TO ALL CANADIANS—DEBATE ADJOURNED

Hon. Eric Cook rose pursuant to notice of February 1, 1977:

> That he will call the attention of the Senate to matters of interest concerning Labrador and also to the desirability of establishing a Special Joint Committee of the Senate and the House of Commons to examine matters of mutual interest to all Canadians whether they reside in Quebec or elsewhere in Canada.

He said: Honourable senators, when I first had the privilege of speaking in this chamber on February 25, 1964, I made the following observation:

> I regret I cannot speak to you with authority on any subject. I am merely an ordinary "general practitioner" in the ranks of the legal profession.

Now, nearly 13 years later, I repeat that observation, and merely add that, lacking expertise, I see events as the man in the street sees events, and I believe I express the views of what lawyers refer to as "a reasonable man."

It is, of course, common knowledge that there had been for many years a dispute between Canada on the one hand and Newfoundland on the other as to the ownership of Labrador. It is also history that it was finally agreed that this dispute be settled by the then highest court of the British Commonwealth of Nations.

It is important to note that at the time the Privy Council heard the Labrador boundary case the two parties to the dispute were British dominions. Newfoundland, while much smaller in size than Canada and much less important, was nevertheless equal in status. Newfoundland was no less a dominion than Canada, Australia and New Zealand, and won the status of dominion on the battlefields of the Great War of 1914-18.

However, Quebec was also in fact present, and Quebec was in fact heard. The editorial of the *Globe and Mail* of December 13, 1976, entitled "Power Play in Labrador," correctly sets out the true position concerning Quebec and the Labrador case, and I quote it in part as follows:

> Labrador was awarded to Newfoundland in 1927, when Newfoundland was a separate dominion, by the Privy Council. But the boundary has not been accepted by Quebec. Quebec has contended that it was deprived of territory at a hearing to which it was not a party.
>
> This is inaccurate. The principals in the hearing were Canada and Newfoundland, but a representative of Canada was Aimé Geoffrion of Quebec, and Mr. Geoffrion made the following points:
>
> "My observations . . . will be in the nature of a merger of the Junior Dominion brief and the Quebec brief—because I was retained by Quebec specifically—and also because I cannot see, and none of us can see, that there is the slightest difference between the cases . . . I will cover whatever there is to be said both as Junior for Canada and in the name of Quebec; and therefore I am instructed on behalf of Quebec to waive any privilege in that respect."

In 1949 Newfoundland, I am very happy to say, became a part of Canada.

The British North America Act of 1949 reads as follows:

> 1. The Agreement containing Terms of Union between Canada and Newfoundland set out in the Schedule to this Act is hereby confirmed and shall have the force of law notwithstanding anything in the British North America Act, 1867 to 1946.

• (1510)

The second paragraph of the Terms of Union reads as follows:

> 2. The province of Newfoundland shall comprise the same territory as at the date of Union, that is to say, the island of Newfoundland and the islands adjacent thereto, the Coast of Labrador as delimited in the report delivered by the Judicial Committee of His Majesty's Privy Council on the first day of March, 1927, and approved by His Majesty in His Privy Council on the twenty-second day of March, 1927, and the islands adjacent to the said Coast of Labrador.

The foregoing are facts, and in the light of those facts it is irresponsible for the present Premier of Quebec to delude his followers by stating that he will submit the "Labrador question" to the Court of International Justice.

First and foremost, there is no Labrador question to submit to anyone.

Secondly, if there were, the Court of International Justice has no jurisdiction unless both sides to a dispute agree to submit the dispute to the court and, by their agreement, give the court jurisdiction.

Even if Quebec, in the course of time, becomes a separate state, Canada is, by contract, bound to Newfoundland, and could not agree to submit any question touching Labrador to any court without Newfoundland's consent. That consent Newfoundland will never give.

There is, however, another matter which is a cause of friction between Newfoundland and Quebec,—one which is indeed a debatable matter. I refer now to the Churchill Falls hydro development.

Since Newfoundland became part of Canada, Quebec and Newfoundland have been closely connected in the development of hydro power from Churchill Falls, Labrador. It now appears Quebec is enjoying very large windfall profits from its contract for the purchase of power from Churchill Falls. Be that as it may, a contract is a contract. As events have turned out, Quebec is benefiting. In my opinion there is no useful purpose to be served for Newfoundland to cry over spilt milk. At the time the contract was made no one could foresee the subsequent events which increased the value of the power. Today, from the Churchill Falls power contract, Quebec is making a profit of over $350 million a year, which amount will escalate sharply as the years go by, and this will continue for over 60 years yet to come. Nevertheless, as I have said, a contract is a contract and I, for one, can find no cause to criticize Quebec in this respect.

However, I am advised that great new additional power developments at Churchill Falls, which would benefit not only Newfoundland but all Canada, are not going forward, partly because of the uncooperative attitude of the government of Quebec. Newfoundlanders, are forced to the conclusion that there are times when the policy of the Quebec government seems to be: "What is yours is mine, and what is mine is my own."

In the meantime, the federal government, properly concerned about the energy shortage, urges citizens to turn off their TV sets when not looking at them, while remaining strangely silent about the development of Labrador hydro.

Before leaving this subject it may be worth noting that should Quebec decide to cease to be part of Canada, that in itself would terminate the Churchill Falls power contract should Newfoundland elect to treat the contract at an end.

A contract made with Hydro Quebec at a time when Quebec is part of Canada does not carry over to Hydro Quebec should Quebec become a foreign country. One only has to examine what would happen to the contract to appreciate the correctness of that view. The contract now is between agencies of two sister provinces of Canada. It runs for 60 years, and is to be interpreted and governed by the laws of the Province of Quebec. After separation the contract would be altered. It would then be between an agency of the Province of Newfoundland and an agency of a foreign power. It would be governed by the law of that foreign state and be interpreted by the courts of that state. Newfoundland would lose the right of recourse to the Supreme Court of Canada, which it now has, as the jurisdiction of the Supreme Court of Canada would not be recognized in the new state.

In addition to all this, the contract would be governed by the laws of a foreign power, which claims the absolute ownership of the natural resources giving rise to the very existence of the contract itself. In my opinion, some of the principal elements of the original contract would disappear, and the contract would have to be renegotiated or be terminated.

The Churchill Falls hydro contract may be only a minor matter. I mention it because there must be others that will also be affected one way or the other should Canada cease to be one country.

I have so far mentioned only issues of particular interest to Quebec and Newfoundland. I should like to continue and comment on the issue of separatism. Separatism, it cannot be too strongly emphasized, affects all Canada as much as it affects Quebec itself.

There are two very local minorities in Canada—a French minority, committed to a separated and sovereign Quebec, and an English minority which, for various reasons, professes itself agreeable, even eager, to see Quebec depart from our Confederation.

Between those two extremes, there is a large, and largely silent, majority that remains unalterably opposed to the division of Canada. We do not want to see our country torn asunder. In the next few years, as the government of Premier Lévesque works toward a referendum which will, they hope, authorize their avowed aim, we do not wish to stand idly by with our fingers crossed, hoping that somehow "things will work out." We wish to do something—anything—to prevent what we view as a catastrophe for the country, but we don't quite know what that something is.

It serves no useful purpose to criticize anyone for being emotional and uptight about his history or on the subject matter of his rights. Indeed, that is a favourite occupation of all Newfoundlanders. You do not have to scratch a Newfoundlander very deep before you start a long playing record on the whole question of the wrongs we have suffered, and how our rights are still withheld even in this day and age.

However, those who indulge in this pastime of recounting how they have suffered, and are suffering, must also concede that others have their own history and their own wrongs. It should also be borne in mind that history is history, and perhaps it may be wiser to forget, or at least play down, some parts rather than nurse past grievances. As regards rights, this is a constant two-way street, and the best way to view rights is to recognize that every day now, and in the future, a debate between two different views constantly yields some progress.

To illustrate this view, reference may be made to the Official Languages Act. Surely this was a correct step in the right direction, taken against the wishes and vocal outcries of the extremists on both sides but taken, nevertheless, with the full concurrence of all political parties and supported, in the main, with goodwill by the great majority of Canadians.

Those who believe in Quebec for Quebecers contend that the issue of separatism is a matter for Quebecers alone, and all other Canadians must keep out. This is a very self-centred, selfish and, indeed, arrogant attitude. Surely if a man who claims to own a house in the centre of a row announces he intends to tear it down, including party and retaining walls on both sides, his neighbours have the right to make representation and to argue the issues involved.

Therefore, if, notwithstanding the good will on both sides, the issue of separation must be faced there are some aspects of the results of separation concerning which there has been very little informed debate and which should be studied in depth without further delay.

● (1520)

If we accept in principle the idea of a separate, independent and foreign state of Quebec, both Canada and Quebec will have to agree which part is Quebec and which part is Canada. This will be a problem not free from difficulty, but it does seem as if many of those who are advocating the idea are under the impression that, on the one hand, the now province of Quebec is indivisible while the now existing country of Canada may be torn asunder at will. This view recognizes the proposition that Quebec has paramount rights, and denies the proposition that Canada has any rights. This seems to put the cart before the horse. Surely the correct, true and logical position is that by the Treaty of Paris of 1763 all the area occupied by Quebec became part of British North America.

During the course of the years, British North America became Canada, and British citizens became Canadians. The paramount rights of Canada over the provinces is well illustrated by the preamble and provisions of the British North America Act.

The matter may be put in its correct legal and historical perspective, and in a form easily understandable by the man in the street, by reference to the law of landlord and tenant. If a person owns ten farms which are occupied and worked by ten tenants, the landlord and any one or more of his tenants may, of course, agree in principle to terminate in any one or more cases the relationship of landlord and tenant. However, if they do so agree there is no good reason to conclude that the tenant alone will decide the course to be followed, and which of the two parties takes what land, when the relationship comes to an end. The very least that Canadians would expect their government to insist upon is that the creation of the new state of Quebec will not endanger the lines of communication by land, air and water or in any way jeopardize the continued existence of Canada.

The splitting up of Canada would, in my opinion, be an unmitigated disaster for both Quebec and Canada. If it should come it will cause many, many problems which will never be solved to the satisfaction of both sides. It would be a serious mistake for the Premier of Quebec to paint a rosy picture of the negotiations which will have to take place.

It may well be false and misleading to invite the voters of Quebec to make a determination on the matter of separatism on the assumption that the independent state may enjoy the benefits of a common union, and also common or dual citizenship, with separated Canada. These things will not be for Quebec alone to decide. If these privileges are extended to the new independent state, they would surely only be extended if a very large measure of agreement came about on most of the important issues which would arise. The new state of Quebec could not have one without the other.

It is submitted that Quebec now remains unhappy with the rest of Canada after more than 100 years of negotiations with successive Governments of Canada which have always had, or hoped to have, a strong power base in Quebec. Surely, then, negotiating in the future with a Government of Canada which owes no duty or obligation to Quebec, a government whose entire power base is outside Quebec, will not make the situation any better. Is it possible that some people are crying for the moon? If so, they never will be satisfied inside or outside Confederation.

We have heard, and no doubt rightly heard, much of the sensitivities and feelings of Quebecers. But many of those who are most vocal on this matter seem to deny to other Canadians their sensitivities or feelings. If we should be so misguided as to travel down the dark road which leads to a divided Canada, we will end up with two peoples each of whom will be deeply wounded by the other, and who will only regard the other with anger and bitterness born of mutual frustration.

If we must cry slogans, let us concentrate on all the areas of goodwill now existing and let those earnest young people who now cry, "Quebec for Quebecers" join hands throughout the whole land and cry, "Canada for Canadians."

The present Government of Quebec will hold a plebiscite when it considers the time is opportune and the voters of Quebec are sufficiently influenced towards opting to separate from Canada. When the plebiscite is held, the voters of Quebec will be divided into three groups. There will be the convinced separatists; there will be the dedicated federalists; and there will be a group of bewildered honest men and women, young and old, who want to cast an intelligent vote so that the future will be as secure and hold as much promise as possible not only for themselves but for their children and their children's children. These voters will not, and should not, be too much influenced by those who attempt to stir them up by recitals, accurate or otherwise, of past wrongs. What is past is past.

As far as the present is concerned, no great changes for better or worse will come quickly whatever any government does. It is the future, therefore, which must concern the honest, undecided voters as they have to decide what is more likely to be better for them and for those for whom they are responsible. Where are these people to obtain the best possible information about the future of Quebec inside or outside Canada? I, for one, do not think they will receive honest information and true guidance from the present Government of Quebec, nor will they receive any rational assistance from the intelligentsia of the party. The mentality of too many teachers, artists, writers and commentators of the separatist

party is generally negative. They display a querulous attitude, a complete lack at all times of any constructive suggestions. There is little in them except the irresponsible carping of people who, up to now, have never been and have never expected to be in a position of power.

The federal Parliament, which is the Parliament of all Canada, has, therefore, a duty and a responsibility to make available to them all the facts, and a fair and honest appraisal of the future, as far as that is possible. This also is a duty which the federal Parliament must undertake and discharge for all Canadians. Even though the decision will be made in Quebec, it will nonetheless seriously affect all Canadians. Not only Canadians living in Quebec but Canadians living everywhere in Canada should have, as far as it is possible to give them, reasonable answers to the following, among other, questions:

How are the national assets to be apportioned between an independent Quebec and Canada?

What proportion of the national obligations will Quebec and Canada assume?

What will be the likely boundaries of an independent Quebec?

How will the air, land and water lines of communication of Canada be provided for and protected?

Will it be possible and desirable to have a common currency?

What federal government payments to the Quebec government and to the citizens of Quebec will cease if the country divides?

What will happen to Quebec industries which depend on the whole Canadian market, such as the shipbuilding industry and the textile industry? It is important to note that 60 per cent of all workers in the textile industry live in Quebec.

Would the separate, independent country of Quebec pay the world price for all its requirements of oil?

Will there be any mutual continuing services?

Is common or dual citizenship and a common market likely to be beneficial to both countries?

It is true that these questions are negative ones. Answers may inform, but certainly will not inspire anyone. How are Canadians to be inspired? How can we be made aware that we are the most fortunate people on the face of the earth to have the privilege of living in Canada?

This might be the most difficult task we will have to tackle. It might be approached by gathering together eminent men and women of letters, representatives of the universities and the media, so that means can be devised by which Canadians may be reminded over and over again of their history, their heritage and, generally, the constructive side of the Canadian nation and the Canadian way of life.

When Newfoundland voted on the question of union with Canada we did not, of course, have the final terms, but sufficient information was available to give us a pretty clear idea of what would be the final results, and we knew also a good deal about Canadians generally and what kind of people they are.

• (1530)

The voters of Quebec should have from their federal Parliament a pretty good idea of what a separate Government of Quebec and a separate Government of Canada would likely agree upon as reasonable, fair and equitable arrangements, not after hostile and unfriendly negotiations, but rather after negotiations between two governments which would nevertheless be at "arm's length" one from one another.

In order that the federal Parliament might discharge this responsibility, I suggest that a joint parliamentary committee be constituted. I suggest it be given, as far as possible, a parliamentary mandate and not a government mandate. By this I mean that at least one of the joint chairmen should be chosen from outside the government party.

The time has passed when the issue may be used by political parties to make smart debating scores over each other. It is also too important and too urgent to be settled by mortal combat as between two gladiators, no matter how colourful each may be.

The committee should be fully and adequately staffed by well-known, well-recognized, legal, financial and other authorities. It will be most important that the committee have the very best staff available anywhere in Canada. Such a staff will be necessary in order that vital territorial, financial and other basic issues be fully researched for the committee. These issues should also be researched, and checked and rechecked, by well recognized outside organizations. The average Canadian is tired of arguments and counter arguments, and of words, words, millions of words. If indeed he now faces the very depressing and ugly possibility of Canada being divided, he does not want the gut issues drowned in further countless words, or swept under the rug.

All Canadians are worried. They are entitled to the facts, and they want them now.

Finally, honourable senators, a parliamentary committee representing all parties may give us one more opportunity to reach out to each other, and to reason together for the common good of all.

Senator Bell: Will the honourable senator entertain two very brief questions?

Was the distinguished Canadian constitutional lawyer he referred to earlier on C. A. Geoffrion?

An Hon. Senator: It was the son.

Senator Bell: And what was the date of the agreement referred to?

Senator Cook: It was 1927.

Senator Flynn: What was the status of Newfoundland in 1927?

Senator Cook: In 1927 it was a self-supporting dominion—or almost self-supporting. In 1936 or 1937 our Constitution was suspended.

On motion of Senator Carter, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 289*)

PATRIATION OF THE CONSTITUTION

LETTERS FROM PRIME MINISTER TO PROVINCIAL PREMIERS AND COPY OF DRAFT RESOLUTION RESPECTING THE CONSTITUTION

Ottawa K1A 0A2
January 19, 1977

The Honourable William G. Davis, Q.C.,
Premier of Ontario,
Parliament Buildings,
Queen's Park,
Toronto, Ontario,
M7A 1A1

My dear Premier:

I am enclosing herewith a copy of a letter which I am sending today to Premier Lougheed in reply to his letter of October 14th reporting on the discussions of the Premiers in August and October on "patriation" of the constitution. Also enclosed is a copy of the draft resolution I am sending with my letter.

As you will note, I am planning to make this correspondence and the draft resolution public on Friday next, January 21st. It will also be tabled in the House of Commons when it resumes its sessions on January 24th.

Sincerely,

P. E. Trudeau

Ottawa K1A 0A2,
January 19th, 1977

The Honourable Peter Lougheed,
Premier of Alberta,
Legislative Building,
Edmonton, Alberta.
T5K 2B7

My dear Premier:

I was glad to have the occasion, presented by my dinner with you and the Premiers of the other provinces on December 13th, to discuss briefly your letter of October 14th reporting on the discussions of the Premiers in August and October, 1976, on "patriation" of the Constitution. I told you then—and this seemed to be agreeable to the other Premiers—that I would be replying to your letter, further to the interim reply I sent on October 18th, to round out this particular part of our constitutional discussions.

It seems to me that the results of the meetings of Premiers, as reflected in your letter, are, in a sense, either too much or too little. They are too much in relation to the limited exercise we embarked upon in April, 1975. That, as reflected in my letter of April 19th, 1975, was intended to accomplish "patriation" of our Constitution from Britain with the amending clause agreed on at Victoria. We—the provinces and the federal government—decided deliberately to avoid the complexities of constitutional reform which had been so clearly demonstrated in the conferences, meetings and discussions from 1968 to 1971. While the very limited scope of our exercise grew somewhat in the course of discussions in 1975 and early 1976, the proposals embodied in your letter carry the exercise into new areas and even raise some aspects of the distribution of powers. This is precisely the sort of thing we had, in April 1975, sought to avoid.

If the proposals in your letter are too much in relation to the immediate exercise, they are too little in relation to constitutional reform. We got into many other aspects of the constitution in 1968-1971 and, if we are now to embark on changes in the distribution of powers and other fundamental matters, I think our review and our changes should be much more extensive than those covered in your letter of October 14th. I have made it clear on many occasions that the federal government is prepared to re-embark on a fundamental review of our Constitution. We would be quite prepared to have such a process begin at a very early date if that is the general wish. The exercise since April 1975 has been based on experience, over the many years of effort in this area, which seemed to demonstrate the wisdom of trying to proceed by stages: first to "patriate" with an amending procedure that most think satisfactory; then to decide upon the changes in a document that would be totally Canadian and totally amendable by procedures to be executed entirely in Canada. The federal government is prepared to proceed by either route: action by stages, such as we have been concentrating on, or action all at once by fundamental constitutional revision.

Having said that the proposals in your letter are, in our judgment, either too much or too little, the federal government is prepared to see if agreement can be achieved on the basis of your letter, but with modifications, so that "patriation" can be effected as soon as possible. The most significant modification we would suggest is that we should not, if we are to adhere to this limited exercise, enter in any way into the distribution of powers. The federal government is quite ready to go into that problem but it is both complex and difficult. To do it partially, in the way your letter suggests, without a coherent total plan would, in our view, be a serious mistake. We have, therefore, tried to see what might reasonably be done to meet the concerns to which your letter refers, while leaving all matters of constitutional powers for comprehensive study and action at the second stage, after "patriation". So that there can be no possibility of misunderstanding I repeat that, if the provinces now feel that this is not the right course, the federal government is ready to embark on the other route of total constitutional review. If we adopt that course, it will be essential for all of us to be willing to meet the challenge that this task will pose in as open-minded a way as possible consistent with our responsibilities, unburdened by commitments to any preconceived outcome, and constrained only by the dictates of our sense of what will best serve the interests of Canadians in all parts of Canada. In this spirit, I am convinced, lies the greatest promise of a constitution that will be Canadian in the best sense, that is to say an institutional framework for our future that will be effective and workable, yet justly and sensitively balanced as between its constituent elements. Having made

these points, I return to the possibility of action in stages, with a first stage built upon the proposals in your letter.

If "patriation" can be agreed upon using the discussions of the last two years as the basis, we will need to implement it by means of a Proclamation by the Governor General and legislation by the British Parliament to terminate its powers to legislate with regard to Canada. A draft of such a Proclamation was sent to you and the other Premiers with my letter of March 31st, 1976. It has seemed to us that it might advance matters if the proposals of the federal government, in reply to your letter of October 14th, were communicated in the form of a revised Proclamation. Such a document is enclosed herewith as part of a draft of a resolution that might be placed before Parliament. The limitations on what it contains relate in large part to the comments I have already made that it would be unwise, in this limited exercise, to touch the distribution of powers. Apart from that broad comment, possibly it would be helpful if I were to make the following brief explanations concerning the different parts of the document.

Part I—Amendments to the Constitution

This sets forth the Victoria amending formula. While the formula may not be perfect, there is general agreement that it is the best that has been devised in nearly fifty years of effort. It was agreed to by all eleven governments in 1971 and by eight of the ten provinces at your meeting in Toronto last October. We are never likely to get a higher degree of consensus on any formula. Accordingly, while the federal government is not entirely satisfied about one or two aspects of the formula, it seems to us that the wise course would be to accept it and get ahead with "patriation" on the basis of it. If we ever get anything that has a higher level of consensus, it can be established by use of the Victoria formula.

Part II—Senate Representation

This is entirely new and represents a response to the view that the western part of Canada is much under-represented in the Senate at the present time. While Senate representation has never been directly related to population in Canada, but rather to regions, it is clear that the west is indeed under-represented when one considers the way in which its importance in confederation has grown since the present Senate membership was set in 1915. Various formulae can be devised for increased representation from the western provinces. Part II represents a suggestion that the federal government would support.

When we come to fundamental review of the Constitution, we will want to consider many things relating to the Senate. The federal government will have a number of proposals to make. For purposes of the present exercise, however, we would be prepared to have early decision on modification of western representation since that seems clearly to be unsatisfactory and capable of correction at this stage.

Part III—Language Rights

Your letter includes, as one of the matters "unanimously agreed to" by the provinces in the 1976 meetings, "a confirmation of the language rights of English and French generally along the lines discussed in Victoria in 1971". The Victoria provisions included certain obligations that specific provinces then agreed they were prepared to accept with regard to the official language that is in a minority position within its boundaries. We are not at all certain whether the wording of your letter indicates that those provinces are now prepared to accept the same or similar obligations. The federal government is prepared to do so. Articles 14 to 20 in the enclosed draft are along the lines of Victoria but, in view of the uncertainty to which I refer, they are in this text made applicable to the Parliament and Government of Canada only, with a provision like that contained in the Victoria Charter (Article 19 here) whereby a province can adopt similar provisions and give them constitutional status if it so wishes. If provinces would be prepared, as at Victoria, to have obligations inserted in the various articles with respect to themselves that would, of course, strengthen the provisions. I hope that is the sort of possibility to which your letter refers.

Article 21 was not a part of the Victoria proposals. It is a modification of Article 38 in the draft I sent you on March 31st, 1976. I understand that a number of the Premiers were concerned at the indefiniteness of the reference to "culture" and "development" in the earlier Article. Article 21 is limited to language and preservation of it. It applies to federal powers only. The provinces could be included in such a provision or the possibility could be contemplated by a modification of Article 19. Such a thing might give the degree of assurance to linguistic minorities in some provinces that we feel Article 21 will give to the linguistic minority nationally.

Part IV—Regional Disparities

Your letter says the meetings of Premiers produced "unanimous agreement on the clause contained in the draft proclamation". It also says there was "a high degree of consensus on incorporating clauses in the Constitution providing for equalization". Article 22 reproduces the article that met with unanimous agreement. Part (b) of it was, as you know, designed as a constitutional commitment to the objective of equalization as now developed.

Part V—Federal-Provincial Consultation

Article 23 would provide the "constitutional requirement" to which your letter refers that a conference of First Ministers "be held at least once a year".

Article 24 would provide for consultation at such a conference before a new province was established. The federal government is of the view that to require the use of the amending procedure to establish a new province, as your letter suggests, might prove a source of rigidity. The admission of new provinces would not, of course, affect in any way the specific requirements in the proposed amending formula for the degree of consent required among the existing provinces

for any future constitutional change. Nor would what is proposed affect the existing provision that the boundaries of a province cannot be altered without the consent of its Legislature.

Article 25 would require consultation before any use of the declaratory power of the federal Parliament. A requirement for provincial consent, as your letter suggests, would be tantamount to changing the division of legislative powers. As I have already said, we feel that any entry upon the distribution of powers is too fundamental a matter for the present exercise. Such a change could be considered following "patriation" as a part of a total review.

Article 26 is a substantial and structured constitutional obligation to consultation in the areas referred to. Your letter referred to a desire for "a greater degree of provincial involvement in immigration", which is now a concurrent power with federal paramountcy under Section 95 of the B.N.A. Act. Your letter also refers to "a new concurrent power" in relation to culture and to "greater provincial control in communications". These comments all appear to suggest changes in the distribution of powers. As I have said, the federal government considers such changes to be proper material for consideration at the second stage of our constitutional reform if we are to proceed by stages. For this stage, we would suggest that an obligation to consult along the lines of that in Article 26 would provide a new measure of assurance that provincial interests would be taken into account to the greatest possible degree before the federal government or Parliament acted within federal constitutional powers in these areas. This would not, of course, preclude any changes in the relevant powers that might be agreed upon in the second stage. They could be brought into effect under the amending procedure.

Part VI—Miscellaneous

Article 37 would remedy a deficiency in our Constitution as it now stands: the lack of an official French-language text with full force and effect. It would be critically important that such a text should be approved by a means acceptable to all and therefore the approval mechanism has for the time being been left blank. One possibility is that a small group of eminent jurists might be appointed to review the French-language versions to ensure complete accuracy before they become law.

Draft British Legislation

This is along the lines discussed in the meetings preparatory to the Victoria Conference. It would provide the legal base for the Proclamation and would terminate the power of the British Parliament to legislate with respect to Canada.

The only parts of your letter to which I have not referred are those relating to the Supreme Court of Canada, the "jurisdiction of provincial governments of taxation in the areas of primary production" and the exercise of the federal spending power. With regard to the last two, both get into the distribution of powers. As I have already indicated, the federal government considers that this is a matter for extensive and full discussion after "patriation" if we are following the course of action by stages.

So far as the Supreme Court of Canada is concerned, the Victoria Charter contained a number of specific articles dealing with the procedure to be followed in making appointments to the Court. They would have given the provinces a limited but explicit role in the appointment process. In your letter you indicated that, at the October meeting, the provincial Premiers agreed that the provinces should have a greater role in this process than was accorded to them by the Victoria provisions, although your letter does not detail what that greater role should be. You said that "a number of other modifications were suggested" to the Victoria provisions.

The federal government, for its part, has also had some second thoughts about the articles agreed to at Victoria. We reached the conclusion that they appear to have sufficiently adverse implications for the Supreme Court, as a vital institution of our federation, that they ought not simply to be reintroduced as part of this current proposal without at least a very careful re-examination of those implications by all of our governments. We also concluded that it would be possible to achieve a better regional distribution of the judges, as well as more effective consultation, through a constitutional provision that would require selection of the judges on a geographical basis. This would ensure that a regional distribution is invariably present on the Court. It would, of course, retain and guarantee constitutionally the presence on the Court of at least three judges experienced in the civil law of Quebec. We would welcome the views of the Premiers on a new provision of this kind, combined with a constitutional obligation to consult with the Attorney General of the province or provinces concerned before an appointment was made.

I am sending copies of this letter to your fellow Premiers so they may be aware of these proposals that the federal government is making in response to your letter and the meetings of August and October, 1976. As I have said, we would be happy to see "patriation" effected forthwith on the basis of the draft proclamation and legislation I am enclosing, to which could be added provisions about the Supreme Court if there is agreement on them. If it seems likely that that result could be achieved after a further conference to discuss modifications that any of the Premiers might think desirable, I would be happy to join in such a conference at a mutually convenient date.

It is quite possible, however, that the areas of disagreement may be various and perhaps substantial. If so, I cannot help wondering whether it would not be better to return to our regional plan of April 1975—nothing but "patriation" with the Victoria amending formula—leaving everything else for discussion and action at the next stage, after "patriation". You will have noted that Premiers Schreyer and Campbell in their letters to me of October 21st and November 10th made clear that they do not consider that "patriation" need be conditional upon a consensus with regard to the matters referred to in your letter.

I should appreciate your comments on the proposals in this letter and particularly your suggestion as to what the next stage ought to be in order to complete the "patriation" exercise that we have now been working on for nearly two years. I am asking the Premiers of the other provinces for their comments and suggestions in the same way. I hope that we can achieve "patriation", with the Victoria amending formula, without much more delay and bring to an end this remnant of our colonial condition of a century ago.

As our correspondence in October was made public forthwith, I would think that the same ought to be done with this letter and the brief covering letters I am sending to the Premiers of the other provinces. I would propose, therefore, to make them public on Friday next, January 21st, and to table the letters in the House of Commons when it resumes its session on January 24th, 1977.

Sincerely,

P. E. Trudeau

DRAFT RESOLUTION RESPECTING THE CONSTITUTION OF CANADA

WHEREAS it is in accord with the status of Canada as an independent state that the Canadian people should be able through their chosen representatives to provide for themselves the means by which to alter their own Constitution in all respects.

And whereas hitherto certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

And whereas it is desirable that it should be possible to amend the Constitution of Canada in all respects by action of the appropriate instrumentalities of government in Canada;

And whereas the Proclamation hereinafter referred to embodies provisions with respect to the Constitution of Canada and the means whereby it may hereafter be amended;

Be it therefore resolved that we, [the Senate] and [House of Commons] approve the promulgation of a Proclamation by the Governor General, to have the force of law as well in Canada as in the United Kingdom in the following terms:

Proclamation respecting the Constitution of Canada

PART I—AMENDMENTS TO THE CONSTITUTION

Art. 1 Amendments to the Constitution of Canada may be made from time to time by proclamation issued by the Governor General under the Great Seal of Canada when so authorized by resolution of the Senate and House of Commons and of the Legislative Assemblies of at least a majority of the provinces that includes:

(1) every province that at any time before the issue of such Proclamation had, according to any previous general census, a population of at least 25 per cent of the population of Canada;

(2) two or more of the Atlantic provinces; and

(3) two or more of the Western provinces that have, according to the then latest general census, combined populations of at least 50 per cent of the population of all the Western provinces.

Art. 2 Notwithstanding paragraph (3) of Article 1, when the Legislative Assemblies of each of the Western provinces have, either before or after the coming into force of this Part, by resolution so authorized, that paragraph shall read as follows:

"(3) two or more of the Western provinces."

Art. 3 Amendments to the Constitution of Canada in relation to any provision that applies to one or more, but not all, of the provinces may be made from time to time by proclamation issued by the Governor General under the Great Seal of Canada when so authorized by resolutions of the Senate and House of Commons and of the Legislative Assembly of each province to which such amendments apply.

Art. 4 An amendment may be made by proclamation under Article 1 or Article 3 without a resolution of the Senate authorizing the issue of the proclamation if within 90 days of the passage by the House of Commons of a resolution authorizing its issue the Senate has not passed such a resolution and at any time after the expiration of those 90 days the House of Commons again passes the resolution, but any period when Parliament is prorogued or dissolved shall not be counted in computing those 90 days.

Art. 5 The following rules apply to the procedures for amendment described in Articles 1 and 3:

(1) either of such procedures may be initiated by the Senate or House of Commons or the Legislative Assembly of a province; and

(2) a resolution made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

Art. 6 The Parliament of Canada may exclusively make laws from time to time amending the Constitution of Canada, in relation to the Executive Government of Canada or the Senate or House of Commons.

Art. 7 In each province the legislature may exclusively make laws in relation to the amendment from time to time of the constitution of the province.

Art. 8 Notwithstanding Articles 6 and 7, amendments to the Constitution of Canada in relation to the following matters may be made only in accordance with the procedure described in Article 1:

(1) the offices of the Queen, the Governor General or the Lieutenant Governor of a province;

(2) the requirements of the Constitution of Canada respecting yearly sessions of the Parliament of Canada or the Legislature of a province;

(3) the maximum period fixed by the Constitution of Canada for the duration of the House of Commons or the Legislative Assembly of a province;

(4) the powers of the Senate;

(5) the number of members by which a province is entitled to be represented in the Senate, and the residence qualifications of Senators;

(6) the right of a province to a number of members in the House of Commons not less than the number of Senators representing the province;

(7) the principles of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada; and

(8) the requirements respecting the use of the English or French language.

Art. 9 The procedure described in Article 1 may not be used to make an amendment where there is another provision for making such amendment in the Constitution of Canada, but that procedure may none the less be used to amend any provision for amending the Constitution, including this Article, or in making a general consolidation and revision of the Constitution.

Art. 10 In this Part, "Atlantic provinces" means the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland, and "Western provinces" means the provinces of Manitoba, British Columbia, Saskatchewan and Alberta.

Art. 11 Class 1 of section 91 and class 1 of section 92 of the *British North America Act, 1867*, as amended by the *British North America (No. 2) Act, 1949* are repealed on the coming into force of this Part.

PART II—SENATE REPRESENTATION

Art. 12 Notwithstanding anything in the Constitution of Canada or in Article 8,

(a) the number of Senators provided for under section 21 of the *British North America Act, 1867*, as amended, is increased from one hundred and four to one hundred and sixteen;

(b) the maximum number of Senators is increased from one hundred and twelve to one hundred and twenty-four;

(c) the portion of the first sentence following paragraph 2 of section 22 of the *British North America Act, 1867*, as amended, shall read as follows:

"3. The Atlantic Provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland;

4. The Western Provinces of Manitoba, British Columbia, Saskatchewan and Alberta;

which Four Divisions shall (subject to the Provisions of this Act) be represented in the Senate as follows: Ontario by twenty-four Senators; Quebec by twenty-four Senators; the Atlantic Provinces by thirty Senators, ten thereof representing Nova Scotia, ten thereof representing New Brunswick, four thereof representing Prince Edward Island and six thereof representing Newfoundland; the Western Provinces by thirty-six Senators, seven thereof representing Manitoba, twelve thereof representing British Columbia, seven thereof representing Saskatchewan, and ten thereof representing Alberta; and the Yukon Territory and the Northwest Territories shall be entitled to be represented in the Senate by one member each."

Art. 13 For the purposes of this Part, the term "Province" in section 23 of the *British North America Act, 1867* includes the Yukon Territory and the Northwest Territories.

PART III—LANGUAGE RIGHTS

Art. 14 English and French are the official languages of Canada having the status and protection set forth in this Part, but no provision in this Part shall derogate from any right, privilege, or obligation existing under any other provision of the Constitution.

Art. 15 A person has the right to use English or French in the debates of the Parliament of Canada.

Art. 16 The statutes and the records and journals of the Parliament of Canada shall be printed and published in English and French; and both versions of such statutes are equally authoritative.

Art. 17 A person has the right to use English or French in giving evidence before, or in any pleading or process in the Supreme Court of Canada or any court established by the Parliament of Canada, and to require that any document or judgment issuing from any such court be in English or French.

Art. 18 A member of the public has the right to the use of the official language of his choice in communications between him and the head or central office of every department and agency of the Government of Canada.

Art. 19 A provincial Legislative Assembly may, by resolution, declare that provisions similar to those of any part of Articles 15, 16, 17 and 18 shall apply to the Legislative Assembly, and to any of the provincial courts and offices of the provincial departments and agencies according to the terms of the resolution, and thereafter such parts apply to the Legislative Assembly, courts and offices specified according to the terms of such resolution; and any right conferred under this Article may be abrogated or diminished only in accordance with the procedure described in Article 1 of this Proclamation.

Art. 20 A member of the public has the right to the use of the official language of his choice in communications between him and every principal office of a department or agency of the Government of Canada that is located in an area where a substantial proportion of the population has the official language of his choice as its mother

tongue, but the Parliament of Canada may define the limits of such areas and what constitutes a substantial proportion of the population for the purposes of this Article.

Art. 21 The Parliament of Canada, in the exercise of powers assigned to it by the Constitution of Canada, and the Government of Canada, in the exercise of powers conferred on it by the Constitution of Canada or by any law enacted by Parliament, shall be guided, among other considerations for the welfare and advantage of the people of Canada, by the knowledge that a fundamental purpose underlying the Canadian federation is to ensure that the diverse cultures of its people may continue to be respected within that federation and by its institutions, and by the appreciation, as a consequence, of the importance of the two official languages of Canada as the languages of cultural expression used by those for whom the official languages of Canada are mother tongues; accordingly neither the Parliament of Canada nor the Government of Canada, in exercising the respective powers so assigned to or conferred on them, shall act in a manner that will adversely affect the preservation of either of the two official languages of Canada.

PART IV—REGIONAL DISPARITIES

Art. 22 Without altering the distribution of powers and without compelling the Parliament of Canada or the Legislatures of the Provinces to exercise their legislative powers, the Parliament of Canada and the Legislatures of the Provinces, together with the Government of Canada and the Governments of the Provinces, are committed to:

(a) the promotion of equality of opportunity and well-being for all individuals in Canada;

(b) the assurance, as nearly as possible, that essential public services of reasonable quality are available to all individuals in Canada; and

(c) the promotion of economic development to reduce disparities in the social and economic opportunities for all individuals in Canada wherever they may live.

PART V—FEDERAL-PROVINCIAL CONSULTATION

Art. 23 A conference composed of the Prime Minister of Canada and the First Ministers of the Provinces shall be called by the Prime Minister of Canada at least once a year unless, in any year, a majority of those composing the conference decide that it shall not be held.

Art. 24 Before the Parliament of Canada may establish any new province in territories forming part of Canada, the question of the establishment of such province shall be placed on the agenda of a conference composed of the Prime Minister of Canada and the First Ministers of the Provinces for discussion by them.

Art. 25 Before the Parliament of Canada may exercise its authority under section 92(10)(c) of the *British North America Act, 1867* to declare any work or undertaking within a province to be for the general advantage of Canada or for the advantage of two or more provinces, the Government of Canada shall consult with the Government of the Province or Provinces in which the work or undertaking is located.

Art. 26 The Government of Canada, in order to ensure the fullest and most complete consultation practicable with the Government of any Province of Canada with respect to federal activities affecting, or likely to affect, the survival and development of the language used by any group of persons residing in that Province, or with respect to federal activities in support of or related to cultural activity, broadcasting or broadcasting services, or immigration, shall, if the Government of that Province so requests, establish with that Government a joint commission to heighten co-operation between them in relation to those federal activities, subject to a protocol of agreement defining the functions, attributes, composition and duration of that commission.

PART VI— MISCELLANEOUS

Art. 27 The Governor General of Canada may by Proclamation under the Great Seal of Canada proclaim a French-language text of the Constitution of Canada, or any part thereof, when so authorized by

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and thereafter that text shall be as authoritative as, and shall have the same force and effect as, the English-language text to which it corresponds, but shall not be held to operate as new law.

Art. 28 All laws in effect in Canada immediately before the coming into force of this Part, including those enactments set out in Article 29, shall continue as law in Canada except to the extent altered by this Proclamation, subject to be repealed, abolished or altered by the Parliament of Canada, or by the Legislatures of the respective Provinces, according to the authority of each under the Constitution of Canada.

Art. 29 Without limiting the meaning of that expression, the "Constitution of Canada" includes the following enactments and any orders thereunder, together with this Proclamation and any amendments thereto made by proclamation issued thereunder:

The British North America Act, 1867 to 1975;

The Manitoba Act, 1870;

The Parliament of Canada Act, 1875;

Canada (Ontario Boundary)Act, 1889 52-53 Vict., c. 28 (U.K.);

The Canadian Speaker (Appointment of Deputy) Act, 1895, Session 2, 59 Vict., c. 3 (U.K.);

Alberta Act, 1905, 4-5 Edw. VII, c. 3;

Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42;

Statute of Westminster, 1931, 22 Geo. V, c. 4 insofar as it applies to Canada.

Art. 30 This Proclamation shall come into force on the day it is promulgated by the Governor General.

And be it further resolved

That a humble Address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:

Most Gracious Sovereign:

We Your Majesty's most dutiful and loyal subjects, the [Senate] [and Commons] of Canada in Parliament assembled, humbly approach Your Majesty praying that You may graciously be pleased to cause a measure to be laid before the Parliament of the United Kingdom to be expressed as follows:

"WHEREAS it is in accord with the status of Canada as an independent state that the Canadian people should be able through their chosen representatives to provide for themselves the means by which to alter their own Constitution in all respects.

And whereas hitherto certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

And whereas a proclamation entitled the "Proclamation respecting the Constitution of Canada" that was approved by the Senate and House of Commons of Canada on the____ day of _____, 19__to be proclaimed by the Governor General of Canada embodies provisions with respect to the Constitution of Canada and the means whereby it may be amended;

And whereas Canada has requested, and consented to, the enactment of an Act of the Parliament of the United Kingdom to make appropriate provision in connection with the matters aforesaid and the Senate and House of Commons have submitted an Address to Her Majesty praying that a measure be laid before the Parliament of the United Kingdom for that purpose: Be it therefore enacted by the Queen's Most Excellent Majesty . . . etc.:

1. When promulgated by the Governor General of Canada, the Proclamation shall, as well in the United Kingdom as in Canada, be recognized as having by virtue of the Proclamation the force of law.
2. No Act of Parliament of the United Kingdom passed after the promulgation of the Proclamation shall extend, or be deemed to extend, to Canada or to any province or territory of Canada as part of its law.
3. As from the promulgation of the Proclamation the enactments mentioned in the Schedule to this Act are, to the extent specified in column 3 of the Schedule, hereby repealed as enactments of the Parliament of the United Kingdom, but without prejudice to any operation which any of those enactments or any law, order, rule, regulation or other instrument made thereunder may continue to have by virtue of the Proclamation.
4. This Act may be cited as the Canada Act, 1977.

SCHEDULE

ENACTMENTS CEASING TO HAVE EFFECT AS ACTS OF THE U.K. PARLIAMENT

Chapter	Short Title	Extent of Repeal
22 & 23 Geo. V. c. 4	The Statute of Westminster, 1931	Sections 2 to 5, in their application to Canada. Section 7. In section 10(3) the words "and Newfoundland".

Such other statutes as the British wish to repeal for their purposes. For example: the British North America Acts, 1867-1964.

APPENDIX "B"

(*See p. 289*)

OFFSHORE MINERAL RESOURCES

FEDERAL-PROVINCIAL MEMORANDUM OF UNDERSTANDING AND JOINT COMMUNIQUÉ

INTRODUCTION

The Prime Minister of Canada and the Premiers of Nova Scotia, New Brunswick and Prince Edward Island recognize the importance of setting aside jurisdictional differences in order to encourage resource exploitation in areas off-shore their coasts, and industrial and commercial development in the Maritime Region.

Consequently, they agree that it is in the best interests of Canada and the three Provinces to work together to provide for the administration and management, including exploration and exploitation, of the seabed and subsoil seaward from the ordinary low water mark on the coasts of the three Provinces, on the following basis:

THE AGREEMENT

1. Canada, Nova Scotia, New Brunswick and Prince Edward Island will jointly proceed, on the basis of this Understanding, to the preparation of a detailed and comprehensive Agreement providing for the administration and management of the mineral resources of the Area.

THE AREA

2. The area to be covered by the Agreement will be the seabed and subsoil seaward from the ordinary low water mark on the coasts of Nova Scotia, New Brunswick, and Prince Edward Island to the continental margin, or to the limits of Canada's jurisdiction to explore and exploit the seabed and subsoil off Canada's coast, whichever may be farther, and, where applicable, to the Interprovincial Lines of Demarcation agreed upon in 1964 by Nova Scotia, New Brunswick and Prince Edward Island.

3. The area will be divided into two parts for the purposes of the Agreement;

   (i) A part landward of a line to be called the Mineral Resources Administration Line (the "M.R.A. Line"), which will be fixed by the Agreement, but which will be at least five kilometres seaward from the ordinary low water mark on the coasts of the three Provinces, and will be beyond any coal resources accessible by mining from land; and,

   (ii) A part seaward of the M.R.A. Line.

4. The division of the Area among Nova Scotia, New Brunswick and Prince Edward Island will be, for the purposes of the Agreement, defined, where applicable, by reference to the Interprovincial Lines of Demarcation, or, in the absence of any such Line, as may be agreed upon by the Provinces concerned.

THE BOARD, ADMINISTRATION AND MANAGEMENT

5. In order to give effect to the Agreement, a Board, to be called the Maritime Offshore Resources Board, will be established to oversee the administration and management of mineral resources in that part of the Area seaward of the M.R.A. Line, and, at the option of each Province, landward of the M.R.A. Line, with the authority to;

   (i) issue rights in respect of those mineral resources;

   (ii) set the terms and conditions pursuant to which such rights will be issued;

   (iii) commission economic, sociological and other related studies in respect of the exploration for, and exploitation of, those mineral resources and the optimization of the regional benefits to be derived therefrom by Nova Scotia, New Brunswick and Prince Edward Island;

   (iv) review the administration and management of those mineral resources, including any policies, legislation and regulations in respect of such administration and management, and make recommendations in respect of any such matters to Canada and the Maritime Provinces; and,

   (v) provide for the receipt and distribution of the revenue described in this Understanding.

6. The Board will be composed of six members, three representing Canada, and one from each of the three Provinces.

7. In order to give effect to the Agreement, Canada and the three Provinces will ask Parliament and their respective Legislatures to enact such legislation as is necessary to implement the Agreement, and will make such regulations as are required for that purpose.

8. The federal body responsible for the administration and management of the mineral resources of the Area will administer and manage, on behalf of the Board, the mineral resources confided to the Board's jurisdiction, will keep the Board fully informed as to the performance of its functions, and will maintain a branch office in the Maritime Region.

9. The costs of administration and management to be carried out by the federal body will be borne 100 per cent by Canada. The costs of the Board will be funded 25 per cent by Canada and 75 per cent by Nova Scotia, New Brunswick and Prince Edward Island.

DIVISION OF REVENUE

10. The revenue to be shared among Canada, Nova Scotia, New Brunswick and Prince Edward Island will be that revenue derived directly from the administration and management of the mineral resources in the Area, such

as royalties, fees, bonuses and rentals, but will not include, for example, export or commodity taxes, or any part of that revenue which is equivalent to any payment by Canada in respect of any international agreement whether negotiated before or after the coming into force of the Agreement.

11. The Board will be empowered to provide for the distribution of the revenue to be shared, calculated as of the end of each fiscal year, with interim payments in respect thereof, in accordance with the following formula:

(i) Canada will receive 25 per cent of the revenue derived from the administration and management of the mineral resources in that part of the Area seaward of the M.R.A. Line.

(ii) Nova Scotia, New Brunswick and Prince Edward Island will each receive 75 per cent of the revenue derived from the administration and management of the mineral resources in the respective sections of that part of the Area seaward of the M.R.A. Line attributed to them in accordance with paragraph 4, subject to a regional revenue sharing pool to be provided for in the Agreement, and to which the three Provinces will contribute such portion of their respective shares as may be agreed among them.

(iii) Nova Scotia, New Brunswick and Prince Edward Island will each receive 100 per cent of the revenue derived from the administration and management of the mineral resources in the respective sections of that part of the Area landward of the M.R.A. Line attributed to them in accordance with paragraph 4, subject to such pooling as is described above.

12. The Agreement will provide that 100 per cent of the revenues within a revenue sharing line to be fixed by the Agreement around Sable Island, which Island is acknowledged to be within Nova Scotia, will accrue to Nova Scotia.

DURATION

13. The Agreement will provide that in the event that Canada, Nova Scotia, New Brunswick or Prince Edward Island wish to withdraw from participation in the Agreement, they will give five years notice of such intent.

14. The Agreement will make detailed provision for any such withdrawal, particularly with respect to the continuance of any rights, to mineral resources in the Area, issued pursuant to the Agreement.

15. The Agreement will provide that Canada will accord to the three Maritime Provinces any additional advantages in respect of the administration and management of mineral resources in offshore areas subsequently agreed to with any other province, and will consider a revision of the Agreement where such advantages otherwise accrue to any other province.

SIGNED in four copies at Ottawa this 1st day of February, 1977.

Prime Minister of Canada

Premier of Nova Scotia

Premier of Prince Edward Island

Premier of New Brunswick

February 1, 1977

JOINT COMMUNIQUE

FROM CANADA AND THE PROVINCES OF NOVA SCOTIA, NEW BRUNSWICK AND PRINCE EDWARD ISLAND

The Prime Minister and the Premiers of Nova Scotia, New Brunswick and Prince Edward Island today signed a Memorandum of Understanding which provides a co-operative framework for the development of offshore mineral resources on the coasts of the three provinces.

The Memorandum is a significant demonstration of federalism accommodating provincial needs and aspirations in a flexible structure that can work to the greater benefit of all parties.

This Memorandum lays the groundwork for a detailed agreement to be negotiated between the federal government and the three provinces by which all mineral resources within agreed demarcated offshore areas would be managed by a Board composed of three members from Canada, and one from each of the three provinces. It is to be called the Maritime Offshore Resources Board.

A federal body, entirely paid for by Ottawa, will act on the Board's behalf and undertake the day-to-day administration of offshore resources. The Board itself will be funded 25 per cent by Canada and 75 per cent by the three provinces.

All revenues from offshore resources will be shared according to a formula by which the three provinces share 75 per cent of revenue derived from an area seaward of at least five kilometres from low water on their coasts to the continental margin, or to the limits of Canada's jurisdiction over the coastal seabed, the federal government receiving 25 per cent of revenue in this area. The three provinces share 100 per cent of revenues landward of this area.

In addition, Nova Scotia retains 100 per cent of revenues within a revenue sharing line to be fixed by agreement around Sable Island.

The framework is flexible enough to adapt to the entry of other provinces in the future.

THE SENATE

Thursday, February 3, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

HER MAJESTY THE QUEEN

ADDRESS OF CONGRATULATIONS ON COMPLETION OF TWENTY-FIFTH YEAR OF HER REIGN

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the following message has been received from the House of Commons:

Resolved: That an humble Address be presented to Her Majesty the Queen in the following words:

To the Queen's most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's loyal and dutiful subjects, . . . the House of Commons of Canada in Parliament assembled, beg to offer our sincere congratulations on the happy completion of the twenty-fifth year of Your reign.

The People of Canada have often been honoured to welcome Your Majesty and other members of the Royal Family to our land during Your reign and have witnessed directly Your inspiring example of devotion to duty and unselfish labour on behalf of the welfare of Your People in this country and in the other nations of the Commonwealth.

We trust that Your gracious and peaceful reign may continue for many years and that Divine Providence will preserve Your Majesty in health, in happiness and in the affectionate loyalty of Your People.

Ordered: That the said Address be engrossed; and

That a Message be sent to the Senate informing their Honours that this House has adopted the said Address and requesting their Honours to unite with this House in the said Address by filling up the blanks with the words, "the Senate and".

Attest

Alistair Fraser,

The Clerk of the House of Commons

Honourable senators, when shall this message be taken into consideration?

Hon. Raymond J. Perrault: Honourable senators, with leave of the Senate, I move, seconded by the Honourable Senator Flynn, P.C.:

That the Senate do agree with the House of Commons in the said Address by filling up the blank spaces left therein with the words "the Senate and".

Motion agreed to.

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Flynn, P.C.:

That the Honourable the Speaker do sign the said Address to Her Majesty the Queen on behalf of the Senate.

Motion agreed to.

The Hon. the Speaker: Ordered, That the Clerk do go down to the House of Commons and acquaint that House that the Senate do agree to the Address to Her Most Excellent Majesty the Queen offering congratulations on the happy completion of the twenty-fifth year of Her reign, and have inserted in the blank spaces therein the words "the Senate and".

● (1410)

ADDRESS TO THE GOVERNOR GENERAL

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Flynn, P.C.:

That the following Address be engrossed and presented to His Excellency the Governor General, namely:

To His Excellency the Right Honourable Jules Léger, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit, upon whom has been conferred the Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

MAY IT PLEASE YOUR EXCELLENCY:

The Senate . . . of Canada, in Parliament assembled, have agreed to an Address to Her Most Excellent Majesty the Queen, offering to Her Majesty our sincere congratulations on the happy completion of the twenty-fifth year of Her reign, in the manner set forth in our Joint Address hereto attached, and respectfully request that Your Excellency will be pleased to transmit the said Address to Her Majesty the Queen.

Motion agreed to.

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Flynn, P.C.:

That the Honourable the Speaker do sign the said Address to His Excellency the Governor General on behalf of the Senate.

Motion agreed to.

The Hon. the Speaker: Ordered, That the Clerk do go down to the House of Commons and acquaint that House that the Senate have passed an Address to His Excellency the Gover-

nor General respectfully requesting that His Excellency may be pleased to transmit our Joint Address to Her Most Excellent Majesty the Queen offering to Her Majesty our sincere congratulations on the happy completion of the twenty-fifth year of Her reign, and more particularly set forth in the said Joint Address, and request the House of Commons to unite with this House in the Address to His Excellency the Governor General by inserting the words "and Commons".

Senator Perrault: Honourable senators, I would like to suggest that we conclude this auspicious occasion by all members of the Senate rising and singing "God Save the Queen". This was also done in the House of Commons this afternoon.

The senators thereupon rose and sang "God Save the Queen."

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order in Council P.C. 1977-70, dated January 20, 1977, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

Copies of Notes for remarks by the Minister of Finance to the Federal-Provincial Conference of Ministers of Finance, held at Ottawa, February 1-2, 1977, entitled "Decontrol and post-control".

Copies of Summary of remarks by the Minister of Finance to the Federal-Provincial Conference of Ministers of Finance, held at Ottawa, February 1-2, 1977, entitled "The Economic and Fiscal Outlook".

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF STANDING JOINT COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Senator Forsey: Honourable senators, I have the honour to table the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day, and form part of the permanent records of this house.

Senator Grosart: Motion.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Flynn: Unanimous consent.

(*For text of report, see appendix "A", p. 315*)

The Hon. the Speaker: Notices of inquiries.

Senator Forsey: Honourable senators, I thought Her Honour the Speaker would be asking when the report should be taken into consideration. I did not hear that, so I am wondering if there was something that I missed.

Senator Flynn: Not you.

The Hon. the Speaker: The honourable senator said that he was tabling the report. Is he presenting it?

Senator Forsey: Yes. I read the form which was made out for me by the staff, representing the correct procedure, and then I understood the Speaker would say, "When shall the report be taken into consideration?" when I would rise and move that it be taken into consideration at the next sitting of the Senate. However, apparently either I was misinformed, or I have tripped over my feet and fallen downstairs with the coal scuttle and the tea tray.

The Hon. the Speaker: So the honourable senator is presenting it instead of tabling it.

Senator Forsey: I did what I was told.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Forsey: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 8, 1977, at 8 o'clock in the evening.

In giving the usual brief outline of the work for the coming week I will deal first with the committees.

On Tuesday there will be a meeting of the Standing Senate Committee on Foreign Affairs to hear witnesses on Canada's relations with the United States.

The Banking, Trade and Commerce Committee has scheduled a meeting for 9.30 a.m. on Wednesday to continue its study of the subject matter of Bill C-16. Of course, should any legislation have been referred to it, the committee will consider such legislation before proceeding with its advance study of Bill C-16.

On Thursday the Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m.

In the Senate we will continue with the legislation and other items now on the order paper. My information is that the Income Tax Act will come to us from the other place some time next week, and we may also have the bill with respect to the conversion to the metric system.

Motion agreed to.

• (1420)

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Quart be added to the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Fournier (*Madawaska-Restigouche*) be added to the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

FEDERAL-PROVINCIAL CONFERENCE OF MINISTERS OF FINANCE

DECONTROL AND POST-CONTROL—THE ECONOMIC AND FISCAL OUTLOOK—NOTES FOR REMARKS BY FEDERAL MINISTER OF FINANCE PRINTED AS APPENDIX

Senator Flynn: Honourable senators, in the absence of Senator Forsey, I wonder if I should not ask that the documents tabled by the Leader of the Government concerning the meeting of the Ministers of Finance during the last two days be printed as an appendix to *Hansard*.

Senator Perrault: Does the honourable Leader of the Opposition purport to speak for the Honourable Senator Forsey, who has always been eloquent in his own right?

Senator Flynn: Eloquent, yes; but he is not here now, so I felt it was my duty to make known what I thought might be his wish.

Senator Perrault: Honourable senators, I think it may be appropriate to have the senator undertake his own initiative when he is able to grace this chamber with his presence.

Senator Smith (Colchester): Honourable senators, perhaps I might on my own behalf pose a question to the Leader of the Government. Is it his intention to have these documents printed as part of today's record or, alternatively, have them circulated to each member of the Senate?

Senator Perrault: There is no objection by the government if the honourable senator desires to undertake that initiative in the form of a motion, proposal, or suggestion.

Senator Grosart: In the form of a motion?

Senator Smith (Colchester): I do not think that is necessary. I believe that the decision of this house yesterday was that no motion is needed upon such an occasion. We had a very learned dissertation from Madam Speaker on that point.

Senator Perrault: I would point out to the honourable senator that the decision or opinion given yesterday suggested a need for a majority of senators to support an initiative of that type.

Senator Grosart: To support a motion?

Senator Langlois: A suggestion.

Senator Smith (Colchester): I am sorry; I did not quite follow the remarks of the Leader of the Government.

Senator Perrault: The proposal to have certain documents included as appendixes to the proceedings of today, for example, would require the majority support of the senators.

Senator Flynn: On a motion, or on a question?

Senator Grosart: On a motion, or without a motion?

Senator Smith (Colchester): Honourable senators, I understand that very well. I was not making any motion or request, except for an answer by the Leader of the Government to my question: Does he propose to arrange, whether by motion or in some other manner, that these documents be either printed as part of the proceedings of the house for today or circulated to each member of the Senate?

Senator Perrault: With leave of the Senate, I would be pleased to ensure that those documents are printed as an appendix to today's *Hansard*.

Senator Grosart: With leave this time?

Senator Asselin: We give leave.

Senator Flynn: That means unanimous consent.

Senator Langlois: Not necessarily.

Senator Flynn: Unanimous consent.

Senator Perrault: Is the Leader of the Opposition withholding his consent?

Senator Flynn: No. I am simply saying that you can do so with unanimous consent, and we are willing to give that consent.

Senator Perrault: I assume it is unanimous.

Hon. Senators: Agreed.

(*For text of documents, see appendix "B", p. 370*)

TRANSSHIPMENTS OF OIL

PACIFIC COAST PORTS—PUBLIC HEARINGS—QUESTION

Senator Austin: I wonder if I might put a question to the Leader of the Government concerning transshipments of oil from the Alaska port of Valdez either to the British Columbia port of Kitimat or to the British Columbia port of Vancouver. I should like to ask the Leader of the Government whether the government has yet decided to hold public hearings with

respect to the environmental aspects of oil transshipments by tanker and, specifically, whether the government intends to appoint a commissioner under the Inquiries Act to hold those hearings so that those communities along the British Columbia coast which might by affected may have the opportunity of putting their views forward and, as well, hear expert opinions on the matter in public.

Senator Perrault: Honourable senators, because of the detailed nature of the question, I shall have to take it as notice. I hope to be able to make a statement on this matter next week.

CANADA-UNITED STATES RELATIONS

DIVERSION OF WATER FROM LAKE MICHIGAN—QUESTION ANSWERED

Senator Perrault: Honourable senators, on December 15 last, Senator Austin asked the following question with respect to the Chicago diversion:

> Has the Canadian government made representations to the United States government in terms of that domestic United States law and its operation, and does our government apprehend any serious effect downstream on Canadian navigation as a result of higher than ever levels of diversion into the Mississippi system?

The American law in question is U.S. Public Law No. 94-587.

On October 8, 1976, a diplomatic note was presented to the U.S. Department of State in which Canada's long-standing and continued opposition to any unilateral increase in diversions at Chicago was set out. The note expressed strong Canadian concern that the United States was contemplating a unilateral program to lower Great Lakes levels at a time when it had been agreed to hold joint consultations on the possibility of submitting a reference to the International Joint Commission on the effects of consumptive uses and diversions into or out of the Great Lakes basin. The note pointed out that the effects of increased diversions at Chicago would not be felt in the lower lakes for two to three years and that these delayed effects could coincide with a period of low levels, thus producing problems for navigation, not only in downstream international channels, but in the Canadian section of the St. Lawrence River.

The note also stated that additional diversions would cause significant adverse economic and environmental consequences in Canada due to the resultant loss in hydro-electric generating capacity at Niagara Falls, Cornwall and the Canadian section of the St. Lawrence, and the consequent greater consumption of fossil fuels.

The text of the note was released on October 12, 1976. I am prepared to table it for the information of honourable senators.

In spite of this Canadian representation to the Department of State, President Ford signed into law, on October 22, 1976, the legislation authorizing a demonstration project on increasing diversions at Chicago. The Government of Canada subsequently requested early consultations on the implementation of the project, and Canadian officials will be given a full briefing on this in February.

Senator Austin: I wonder if the government leader would speak with his colleague, the Secretary of State for External Affairs, with a view to having this matter added to the agenda for discussions between President Carter and the Prime Minister during the forthcoming prime ministerial visit to Washington.

Senator Perrault: That initiative will be undertaken.

Senator Flynn: At one time you could do that alone.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Benidickson for the second reading of Bill C-15, to amend the Customs Tariff.

Hon. Allister Grosart: Honourable senators, yesterday we heard from Senator Benidickson a full and excellent explanation of this bill, particularly of the long and tortuous, and sometimes absurd, procedures that seem to be necessary to bring this kind of housekeeping amendment to the Customs Tariff before Parliament. Senator Benidickson was good enough to run through some of the stages which, to me, substantiate my view that we are dealing with an absurd process in Parliament and in the whole area of our trade relations with other countries.

• (1430)

The bill before us continues, in substance, the general tariff reductions that were made in 1973. There are some changes from that, some additions to the tariff rates and some further reductions which have taken place along the line since that time. I point out that we are now implementing a decision made, and which became effective, as long ago as last May. I think this indicates that there is some element of absurdity in the parliamentary process, as we carry it out in this Parliament. The Leader of the Government will wish to say, of course, that this is the fault of the opposition in holding up legislation, but I think that anybody who has studied the parliamentary process as it exists would agree that the fault lies on both sides, and particularly in the lack of initiative on the part of the government in respect of bringing about a methodology for the passage of legislation which would not result in this kind of absurd situation wherein both houses are asked to implement changes in the Customs Tariff which are in effect, and have been in effect since May 1976 and October 1976.

As Senator Benidickson explained so well yesterday, the broad range of items covered by this bill amount to about $1.6 billion of our imports, based on 1975 figures. These reductions, covering this large amount of $1.6 billion, were brought about by the early stages of the anti-inflation program of the government. As explained at that time by the minister, and subsequently by others, the purpose was to reduce the tariff rates on imports in order to bring down prices in Canada. I shall not at

this time discuss how effective that has been, but certainly that was the intent, and it must have had some effect, if not in lowering prices, then, at least, in keeping them from going higher than they would otherwise have gone.

This, of course, points up the essential conflict, with respect to this kind of legislation, between the various areas of public interest. As was stated, the consumer interest was given high priority in the structuring of the original bill, and the carrying-forward of its provisions by this bill to June 1977. Many of the changes—the reductions and increases in tariffs, which are scattered throughout this bill—represent the other interest; that is, the interest of the producer, the employer and the employee. And the more I look at this whole question of international customs tariffs the more I become convinced that it is a large scale charade that does not really mean very much in substance.

The changes that are made from time to time—sometimes called housekeeping changes—are made largely in response to changing circumstances and particularly to representations, sometimes from consumers, but more often from producers, manufacturers and business generally in Canada who find that their position in the export, and particularly the domestic, market is affected by low rates or reductions in the existing tariff rates.

This particular bill has been a long time coming to us, and that is part of the absurdity of this process in which we seem to be eternally involved. Bill C-15 is the successor to Bill C-95 of the last session, which was introduced following the budget and budget papers in 1976, and which died on the order paper when the session ended. I say there is something completely absurd about this situation in which tariff changes affecting business, consumers and consumer prices, cannot be passed into law within a reasonable time after budget decisions. We should not be in the position we find ourselves in February 1977, of implementing—because that is what Parliament does when it passes legislation of this kind—of implementing fundamental changes which have already been made.

Many suggestions have been made as to possible solutions of this difficulty, but I see no evidence of any serious attempt—I am not speaking now only of the government—in Parliament to solve this problem. The problem has been solved in other jurisdictions similar to ours, and I find it passing strange that in Canada we have not been able to solve it.

For example, we have this statement: were it not for this bill, these changes would have expired on June 30, 1976. The fact is, of course, that they have not expired; they have been carried on by extra-parliamentary means. And that is what I refer to as the absurdity of this method of dealing with the nation's business.

There are not many of them, but in the bill there are both some increases and decreases in the existing tariff rates under the 1973 or subsequent legislation. A change of some consequence, referred to in a question by Senator Hicks, is the matter of certain scientific items which were the subject of a decision by the Tariff Board which greatly expanded the exemptions. This had the effect of giving a great deal of satisfaction to the institutions—hospitals, universities and others—which were using this scientific equipment. In effect, the Tariff Board said that if the essence of the manufacture is scientific, the items are exempt. That was the judgment of the Tariff Board. I admit immediately that the function of the Tariff Board is to interpret the legislation as it stands, but I suspect that it had other reasons for reaching that conclusion.

The present bill provides for a method by which the government can overrule the decision of the Tariff Board. I do not object to that. There may be occasions when the Tariff Board's interpretation is at variance with what was intended by the legislation, and that is the situation in this case. However, it seems to me that when this bill goes to committee there should be a full explanation of that. I hope Senator Hicks and others in committee will ask to have the Tariff Board decision discussed in full so that in this house we may be in a position to ascertain the soundness or otherwise of the government's decision to overrule the Tariff Board.

● (1440)

I am taking no position on that because there have been representations, but my reading of the discussions which have taken place so far suggests that insufficient consideration has been given to this particular item which is found in clause 3 of the bill.

Another interesting statement made in connection with the bill is that these reduced rates—that is, the rates covering something like $1.6 billion of our imports—will not be the basis of our negotiations in GATT. The GATT negotiations are made on what is called the liberalization of trade internationally, and Canada has taken different positions. Sometimes we are for liberalization, and sometimes we are for higher tariffs.

One of the reasons why I call this whole business of tariff rates a charade is that we are going to say, "We have now reduced these tariff items in the interests of our own consumers, but we are not negotiating from that base. We go back to the pre-1975 rates. That is where we start to talk rates and to enter into negotiations."

Senator Benidickson: Do you mean pre-1973 rates?

Senator Grosart: Yes, I am sorry, I meant to say the pre-1973 rates.

This brings me to the other aspect of the charade, that everywhere in the world today, and particularly in Canada—we are among the worst offenders, because we substitute immediately a tariff reduction by a non-tariff barrier—it is freely said that the formal tariff barriers are far less obstructing to international trade than the non-tariff barriers. As I have said, Canada is in the lead among the nations of the world in saying that, and we have even invented some which none of the others have thought of in the textile field.

I am not attempting to take a stance in favour of a unilateral or bilateral free trade, or the Canadian position in respect to multilateral free trade, but it does seem to me that there are absurdities inherent in this whole process. We are using kinds

of non-tariff barriers that are almost an insult to the intelligence of anyone trying to understand legislation. For example, we say, "We will subsidize our own exports"—that, of course, is the other side of the coin—or, "We will maintain these duties but we will impose quantitative restrictions to the import quotas." What is the sense of having a tariff—which is this huge book—which tells other countries, "These are the rates that we will impose if you export to Canada," and then saying, "We will allow the importation of only so much"? There are other kinds of NTBs that are just as unrealistic in substance, just as much fiction and foreign to the real fact that we are deliberately restricting imports.

We are not the only ones. Several countries are doing it. The OECD, a few years ago, identified no less than 800 kinds of non-tariff barriers—all fiction. Some countries, for example, will say, "Your invoice must be in the language of the port of entry," which in some cases may be a dialect of the national language. This is just a fiction.

It is because of this that I say we are dealing with a charade when we talk of customs tariffs. I would hope that the time will come before long when an attempt will be made to assess Canada's position in respect to the whole question of barriers to international trade in and out of Canada.

Another matter that is dealt with—and Senator Benidickson referred to it—is the question of the British preferential tariff. Honourable senators will recall that when Britain entered the European Community she automatically, under the terms of entry, forfeited her right to the British preferential tariff in Canada. That applies also to the Republic of Ireland.

It has been Canadian policy, as Senator Benidickson said, not to withdraw that preference, but there is a case here in which there is a limited withdrawal. Senator Benidickson mentioned also that there is under way a study of certain items in that British preferential tariff.

Senator Benidickson: Related to machinery.

Senator Grosart: Yes, to specific items. There is one other besides machinery. I would hope that a study is being undertaken of our attitude to the whole question of the British and Irish preferential tariff as against the most-favoured-nation tariff to which we have reverted in these two cases.

I suggest that, in this whole area of our tariff rates and tariff policies, we seem to be going along on a very *ad hoc* basis. This can be rationalized because, as times change and as other nations take various steps, we respond to them. We now have the international theory of countervailing duties, which is the whole philosophy of how any nation may respond to a fictional non-tariff barrier by another fiction called countervailing duties.

These matters are under discussion. We all hope that the time will come when Canada and other nations will bring some degree of rationality into this whole question, because it is of the utmost importance to Canada. There may be one other nation, or perhaps two others, in the world—perhaps more since the oil situation—that are more dependent on their export trade than Canada.

The very circumstances I have been discussing have brought about a completely ambivalent approach to these problems from the Canadian point of view. Some of our experts have taken a leading and distinguished part in the GATT negotiations but, as one reads the reports of the GATT discussions, one sympathizes with them because they must certainly have to run hot and cold.

It is almost impossible for me, as a Canadian abroad, to say whether we have high or low tariffs, or whether or not we are in favour of the liberalization of international trade. We keep saying we are, but, on the other hand, it is said that in certain areas of industrial equipment we have the highest tariffs in the world—certainly in the OECD world. I am not saying that our whole tariff is higher, but in those items that are under a tariff restriction it is said that we have the highest tariffs among Western industrialized nations.

I hope there will be some discussion of those various aspects. Senator Benidickson, in his introduction, most certainly gave us the lead. I am not a member of the committee to which I understand this bill will be referred, but I hope that Senator Hicks will pursue the point he raised. I am certain that Senator Benidickson will press for explanations of the aspects of the legislation that he outlined as being possibly controversial.

• (1450)

Hon. W. M. Benidickson: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Benidickson speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Benidickson: Honourable senators, I listened with great interest to the remarks made by Senator Grosart, who has represented us frequently in international conferences and who is very knowledgeable in this field, but I do feel that a word or two should be said in reply.

He used pretty strong language in his opening remarks when he said that a bill of this kind introduces absurd and tortuous procedures. I would point out that he has really answered his own criticism because he realizes that this was emphasized as being temporary legislation in 1973, being introduced for a period of one year only, on the basis of the general knowledge that we would be facing international bargaining and trading under GATT and other procedures, and that we were not giving notice to the world that we had permanently given up the rates that had prevailed prior to early 1973.

Insofar as the interests of consumers are concerned, since 1973 their position has not changed. There has been international inflation in pricing, and the same reasons that were recited in 1973 have continued to prevail as strong arguments for doing everything possible to protect the consumer in the face of those rising prices. In this regard I think that perhaps a re-reading is justified at this point of what the then Minister of Finance said when he introduced this broad package in 1973.

The minister at that time was the Honourable John Turner—

Senator Flynn: Who?

Senator Grosart: John who?

Senator Benidickson: —and when he referred to proposals concerning the Customs Tariff he said this:

> The government is now recommending to parliament temporary—

And we have referred several times to the word "temporary".

> —cuts in the tariffs on a wide range of consumer products . . . In choosing the products that would be subject to these tariff reductions, and in deciding how large the reductions should be, every effort has been made to avoid any adverse impact on production and employment in our factories and farms across Canada. At the same time, we wished to ensure that the tariff reductions would be sufficiently broad in scope, and of sufficient magnitude to have a significant effect in dampening the upward pressure on consumer prices.

Of course, as the years have passed since 1973, we have seen that the reasons for this objective still obtain. The minister continued, still referring to this large package, involving trade estimated at that time to be $1.3 billion, as follows:

> Particular attention was given to foods and other consumer goods for which tariff rates are higher than average, especially to those that are dutiable at a rate of more than 15 per cent. This rate is now pretty generally the basic protective rate in the Canadian tariff. The measure also covers a number of products in short supply, such as meats and out of season fruits and vegetables, for which there is not now a good case for a protective tariff.
>
> Among the non-food consumer products covered by the measure are drugs and pharmaceuticals, kitchen and dinnerware, furniture, electrical appliances, house trailers, photographic equipment, sporting goods and toys.
>
> Substantial cuts are also proposed for a number of most-favoured-nation tariff rates on goods that are not produced in Canada.

I just wanted to emphasize that the package is large, and that the section giving order-in-council authority to eliminate the reductions made in 1973 has been used very sparingly.

I thought Senator Grosart went pretty far when he said that Canada was a leader in what he referred to as "this charade" around the world, and in the use of certain subterfuges. He gave very few examples of this, but he did refer to the question of quotas. We are met with quotas from many other nations in the world, in terms of which a departure is made from the basic rates of tariffs as published and enacted in those countries. In this kind of world we are sometimes forced to fight fire with fire.

My recollection, over a great number of years, is that Canada has not been a primary offender in this respect, and I think that when Senator Grosart indicated that we were at the top of the list of offenders he was going too far, and I do not agree with him. On the contrary, over the long years of record of liberalization of trade, I think Canada has been a leader among the nations of the world, and certainly cannot be called a stand-out in the use of charades or subterfuges in the matter of international trading.

As a matter of fact, I think that Senator Grosart later retreated from his original rather strong statement, because he did realize, apparently, or showed some recognition of the fact, that *ad hoc* decisions have to be made from time to time by way of departure from the written tariff rates as provided by budget procedures.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Benidickson moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Augustus Irvine Barrow moved the second reading of Bill C-21, to amend the Excise Tax Act.

He said: Honourable senators, first of all, I should like to congratulate Senator Benidickson on the very lucid explanation he gave yesterday of the procedure followed with respect to the various amendments to the taxing acts.

The bill which we have before us today, which contains amendments to the Excise Tax Act, is an important bill in that its main features constitute additional steps it is proposed to take in order to achieve the government's overall objectives for energy conservation.

● (1500)

Honourable senators will recall that a special excise tax on high-energy-consuming vehicles, as well as levies on privately-owned aircraft, motorcycles and boat motors, were imposed effective November 18, 1974. Other measures include the government's reduction of exports of Canadian oil and petroleum products, and the special excise tax on gasoline for personal use.

In addition, in a document entitled *An Energy Strategy for Canada—Policies for Self-Reliance*, issued in April 1976 and, I believe, tabled in this house, the government has stated its objective of energy self-reliance as well as indicating a series of specific energy targets. This document also enumerated specific policy elements and priorities such as appropriate energy pricing, increased exploration and development, and energy conservation. In order for Canada to accomplish a reduction in the average rate of growth of energy use over the next ten years, further energy conservation incentives, including increased taxes in some areas and reduced taxes in others, are required.

Accordingly, this bill provides for two measures to deter wasteful consumption of energy: the imposition of a special excise tax of $100 on air conditioners for use in automobiles, stationwagons, vans, and smaller trucks, and significant increases in the special excise tax on high-energy-consuming motor vehicles.

Since the introduction of the special excise tax on automobile air conditioners some questions have been raised as to the extent to which automobile air conditioners consume energy. Studies indicate that motor vehicle air conditioners increase fuel consumption appreciably. The exact amount of fuel consumed by a particular air-conditioned vehicle can vary depending upon such factors as size, weight and operating conditions. However, it must be remembered that the fundamental purpose of the special excise tax, as well as the other special excise taxes to which I referred earlier, is to deter unnecessary or avoidable consumption of energy. There is no doubt that motor vehicle air conditioners do increase fuel consumption.

It should be kept in mind that the special excise tax does not preclude the purchase of an automobile air conditioner. Rather, the tax acts as a deterrent, as it requires those who insist on having such items to make a special payment in recognition of their added consumption of our nation's scarce energy resources. This will deter some potential purchasers, but such adaptations are necessary if the critical energy situation is not to force upon Canadians much more severe adjustments at a later date.

This bill also provides for the reduction of the weight threshold above which the special excise tax on high-energy-consuming vehicles takes effect, as well as an increase in the rates of tax applicable to vehicles which exceed their respective weight limits. The weight threshold for automobiles is reduced to 4,425 pounds, and the weight threshold for stationwagons and vans is reduced to 5,000 pounds. Vehicles exceeding these thresholds are subject to a tax of $30 for the first 100 pounds over the threshold, $40 for the second 100 pounds, $50 for the third 100 pounds, and $60 for each additional 100 pounds in excess of the weight limit.

I would point out to honourable senators that the reduction of 75 pounds in the automobile weight limit, and the reduction of 100 pounds in the weight limit for station wagons and vans, differ from the reductions of 250 and 350 pounds respectively which were proposed in the May 25 budget speech. This change, as well as a change in the effective date of the proposals, from August 1, 1976 to September 1, 1976, was reflected in an amended notice of ways and means motion tabled on October 28, 1976, and resulted from extensive discussions between representatives of the automobile industry and government officials. As a result of these discussions, the government has been persuaded that an alternative form of tax, based on fuel consumption rather than weight, should receive in-depth analysis.

To provide sufficient time for the examination of this alternative form of tax, it was decided that the impact of the tax changes announced in the budget speech should be reduced. For this same reason, the further reductions in the weight thresholds proposed in the May budget, which were to come into effect in 1977 through 1979, have also been deferred pending completion of the detailed analysis of the miles per gallon alternative by the automobile industry and the government.

As I indicated earlier, this bill also provides energy conservation incentives in the form of reduced taxes. In this regard, the bill provides for the removal of the federal sales tax from a number of items which contribute directly to the development of energy sources other than fossil fuels. Included in this list are such items as solar furnaces, solar panels and tubes, solar cells and wind-powered generating equipment. Tax relief is also provided for goods which provide for more efficient use of energy, such as heat pumps and heat recovery units for extracting heat from exhaust air or waste water. To encourage the increased use of thermal insulation, the current sales tax exemption for thermal insulation materials for buildings is extended to include thermal insulation materials designed for use in the insulation of pipes and ducts in buildings and mechanical systems.

Developments in the field of energy conservation are taking place at an increased rate. For this reason, and to allow prompt tax relief for new energy conservation equipment, this bill also provides that the Governor in Council may prescribe by regulation additional equipment, articles and material to be energy conservation equipment for purposes of the Excise Tax Act and, therefore, exempt from federal sales tax.

While the energy conservation measures I have outlined are the major features of this bill, a number of technical changes are also provided. In order to reduce compliance costs for taxpayers who deal in excisable goods, the licensed wholesaler concept has been extended. This will allow taxpayers, who hold a wholesaler's licence and who deal in excisable goods, to purchase such goods without payment of tax. Instead, these taxpayers will be required to account for excise tax at the time of sale, if the goods are sold under taxable conditions. Previously, when excisable goods were sold under tax-exempt conditions, these licensed wholesalers were required to file for a refund to recover the excise tax paid at the time of purchase of the goods.

During the debate on this bill in the other place, concerns were raised as to the appropriateness of the dollar barrier of sales below which persons are not required to comply with the provisions of the Excise Tax Act. I am referring to the so-called small manufacturer's exemption. Currently, this dollar barrier of sales is established at $3,000. Comments on this provision centered around the appropriateness of this dollar level as an incentive to small business in light of inflation and the passage of time since this level was established.

However, it should be pointed out that the purpose of the small manufacturer's provision is not to provide an incentive for small business; rather, it is solely to avoid licensing those businesses whose sales volume, if licensed, would not generate sufficient revenue to cover the cost of complying with the Excise Tax Act. This provision is an administrative matter and

as such is the responsibility of the Minister of National Revenue. I have been assured that the minister is aware of the concerns voiced in this area and is giving them careful consideration.

This concludes my remarks on second reading. I would ask all honourable senators to give consideration to the passage of this bill.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until Tuesday, February 8, at 8 p.m.

APPENDIX "A"

(*See p. 307*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF COMMITTEE

THURSDAY, February 3, 1977.

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Second Report, as follows:

1. In accordance with its permanent reference, section 26, the *Statutory Instruments Act,* 1970-71-72, c. 38, your Committee has reviewed and scrutinized statutory instruments issued since January 1, 1972. This has proved to be an interesting and on many occasions difficult task. Your Committee has been helped in its works by two exceptionally able counsel, G. C. Eglington and Lise Mayrand, and their efficient secretary, Mrs. Helen Leroux.

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APPENDIX III—AN ANALYSIS OF THE PRETENDED POWER OF DISPENSING WITH THE LAW

A.—INTRODUCTION

2. The purpose of this Report is to acquaint both Houses of Parliament with the work of the Committee between January 1974 and January 27, 1977, and to present to both Houses particular issues and problems that confront the Committee. In this Report matters arising from divers individual statutory instruments considered by the Committee will be used as illustrations only.

3. The Committee's primary function is to maintain a watch on the subordinate law made by delegates of Parliament. In the modern era Parliament has been forced by considerations of time and lack of technical and scientific expertise to leave to subordinates the making of detailed rules and regulations and to confine itself increasingly to setting the main structures of legislative interventions in society. However, Parliament retains responsibility for the law of the land and to the extent that those detailed rules and regulations are not subject to Parliamentary scrutiny Parliament is forfeiting its effective right to settle the laws that must be obeyed by the people. Parliamentary scrutiny of all such subordinate or delegated law is now an accepted part of the Parliamentary tradition in the Commonwealth. Its advent in Canada owes much to the

Report of the MacGuigan Committee—(1) which led to the passage of the Statutory Instruments Act. The Standing Joint Committee is aware of its serious responsibility in maintaining parliamentary sovereignty and supremacy.

4. The Committee has not to date reported on any particular statutory instruments partly because many instruments to which it has taken objection have been amended to remove the objectionable features. Similarly, undertakings to effect amendments or to take account of the Committee's objections in the next general review of a particular set of regulations or other statutory instruments have in many instances been accepted. Yet the principal reason for the Committee's delay in reporting on any particular instruments lies in the preoccupation of the Committee with legal problems, problems relating to its jurisdiction, the meaning of certain provisions of the Statutory Instruments Act, the powers contended for by the Crown as flowing from enabling powers in common use, and the refusal of legal officers of the Department of Justice serving in departments in certain circumstances to enter into significant correspondence with the Committee because they are aware of the Deputy Minister's original view, later supported by the present Minister, that the Committee should not be given any explanation or information because they were of the opinion that this would involve officers of the Department of Justice in the expression of legal opinions. To all these problems this Report will address itself.

5. The Committee wishes to assure both Houses that in accepting undertakings by departments of state and regulation-making authorities to repeal or to amend regulations and other statutory instruments the Committee does not compromise its independence, nor does it divest itself of jurisdiction. All statutory instruments stand permanently referred to the Committee by virtue of section 26 of the Statutory Instruments Act and every undertaking to repeal, to amend or to reconsider a regulation or other statutory instrument is kept under review to ensure that the undertaking is carried out. The Committee wishes to record its appreciation of the co-operation extended to it by many departments and regulation-making authorities.

6. The following general statistics as of 15th July, 1976, may serve to illustrate the extent and progress of the Committee's work.

Instruments Considered by the Committee (excluding Income Tax, Veterans Land Act, Immigration Special Relief Regulations)—1,348

(a) Instruments Committee has objected to, queried, asked for explanation—689

(b) Awaiting Reply from Departments	*202
Reply received and Committee satisfied	140
Reply received, further correspondence ensues	102
Reply received, remedial action promised and taken	108
Reply received, remedial action promised but not yet taken (including cases where Department will reconsider in light of experience; will do in future)	53
Reply received and Committee not satisfied	24
Reply received but not yet considered by Committee	19
Instruments involving points relating to drafting of enabling powers	3
Defect cured by subsequent indemnifying and validating legislation	2
Dispensations of a type that have been superseded by general regulations	11
Enabling Powers amended or other legislative action taken	3

Total of (b)—637

Note: The figures in (a) and (b) do not correspond because of the holding of files in connection with Dispensation, Definition of a Statutory Instrument and Delegation without any specific action having been taken in respect of each file individually

Instruments awaiting consideration by the Committee—332

* 84 of these Instruments are included in one enquiry directed to the Department of Industry, Trade and Commerce April 13/76

7. The Committee's manner of proceeding may be of interest to Honourable Senators and Members of the House of Commons as it differs somewhat from the procedure adopted by like Committees in Great Britain and in Commonwealth countries where instruments are in most instances scrutinized either as part of the very process of their making or are subject to negative disallowance and positive affirmation procedures. Your Committee sees instruments only after they have already been made (and published, in those cases in which they are published) and there were in 1969 only 11 Statutes of Canada which provide for disallowance or affirmation procedures in the Houses.—(2)

8. Instruments, as published, or as they come to the attention of the Committee or its counsel, are first perused by counsel who submit the instruments to the Committee with any pertinent comments or explanatory material elicited from departments and regulation-making authorities. The Committee, which meets weekly in public while the Houses are sitting, and monthly otherwise, to deal with its permanent reference, considers the instruments and accompanying material and if it finds any feature of a particular instrument questionable as appearing to transgress any of its Criteria for scrutiny, the relevant department or authority is informed of the Committee's views through its Designated Instruments Officer and invited to offer an explanation or to give assurances either as to the meaning and operation of an instrument or as to amendment of the instrument. In many instances the explanations or assurances received from departments are entirely acceptable to the Committee upon its further consideration of the instruments and nothing further need be done unless

promised action is not taken. In cases in which the Committee regards the explanation as not disposing of the objection the department or authority is informed of the Committee's views and of the Committee's suggestions as to the remedial action which should be taken. As will appear from the statistics in paragraph 6, this procedure has resulted in many amendments to and undertakings to amend instruments. Unfortunately, the Committee's manner of proceeding has been frustrated in a considerable number of other instances by the refusal of some Designated Instruments Officers, who are lawyers in the service of the Department of Justice, to give explanations which involve any points of law or to accept the Committee's invitation to give reasons why some feature of an instrument which appears to the Committee to be ultra vires the enabling power is in truth intra vires. Further, there have been instances of a refusal to express any view on the interpretation of words in an instrument or to affirm or to deny that they are obscure or ambiguous or otherwise in need of clarification. This causes serious difficulties to the Committee. This matter receives a separate treatment in section G of this Report: "The Withholding of Information from the Committee".

B.—CRITERIA FOR SCRUTINY OF STATUTORY INSTRUMENTS

9. In order to assess statutory instruments in the exercise of its permanent reference the Committee has adopted fourteen criteria. These were adopted by the Senate on November 14, 1974 (English text) and December 4, 1974 (French text) and were concurred in by the House of Commons in both languages on December 13, 1974.

10. The criteria are as follows:

Whether any Regulation or other Statutory Instrument within its terms of reference that, in the judgement of the Committee:

(1) (a) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law, or

(b) does not clearly state therein the precise authority for the making of the Instrument;

(2) has not complied with the provisions of the Statutory Instruments Act with respect to transmittal, recording, numbering or publication;

(3) (a) has not complied with any tabling provision or other condition set forth in the enabling statute; or

(b) does not clearly state therein the time and manner of compliance with any such condition;

(4) makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

(5) (a) tends directly or indirectly to exclude the jurisdiction of the Courts without explicit authorization therefor in the enabling statute; or

(b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

(6) purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;

(7) appears for any reason to infringe the rule of law or the rules of natural justice;

(8) provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;

(9) in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;

(10) without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

(11) imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;

(12) is not in conformity with the Canadian Bill of Rights;

(13) is unclear in its meaning or otherwise defective in its drafting;

(14) for any other reason requires elucidation as to its form or purport.

The Committee recommends that its criteria for scrutiny be written into the Statutory Instruments Act so that they will not need to be adopted and concurred in anew by the two Houses at the commencement of every Session and Parliament. The Committee believes that an additional criterion should be added, namely, whether a statutory instrument trespasses unduly on the rights and liberties of the subject.

11. The following examples of regulations and other statutory instruments that have been found by the Committee to transgress or to illustrate the above criteria may assist in an understanding of the Committee's work.

Criterion 1(a)—is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law.

1. The Committee draws attention to its remarks upon subdelegation of rule-making power and the pretended power of dispensing with regulations in sections H, I and J of this Report.

2. SOR/74-49, Kesler Loan Regulations

At the time of the making of these Regulations, section 34.15(3) of the National Housing Act did not permit of

regulations being made to dispense with the existing regulations governing the minimum number of persons to occupy premises in respect of which loans were made. The number was set at not less than two occupants, one an adult and one a dependent child of that adult. (Section 97.3 of the National Housing Loan Regulations—SOR/73-461). Notwithstanding that provision, SOR/74-49 purported to dispense with that requirement and to allow a loan to be made in respect of a housing unit to be occupied by two named adult persons resident in Lethbridge, Alberta. In the course of correspondence with the Legal Division of Central Mortgage and Housing Corporation, it became apparent that the attempt by SOR/73-461 to specify the "composition" of the minimum number of occupants was itself ultra vires. Subsequently, section 34.15(3) of the Act was amended by 23-24 Eliz. II cap. 82, section 3, to give the Governor in Council power both to specify the composition of the minimum number of occupants and to make regulations specifying different numbers of occupants for different family housing units.

3. SOR/72-402, Public Service Employment Regulations, amendment

The Committee considered section 7(2) of the Regulations to be both ultra vires the Public Service Employment Act and inconsistent with sections 10 and 33 of the same Act, for it constituted an attempt to alter the basic system of recruitment laid down in mandatory terms in section 10 in substituting the opinion of a responsible staffing officer in other than cases of urgency for a "process of selection designed to establish the merit of candidates." The Committee also considered section 7(2) of the Regulations to be inconsistent with section 11 of the Act in that the opinion the subsection refers to is not that of the Commission, as called for by section 11, but of a "responsible staffing officer".

The Public Service Commission appears to have accepted the force of the Committee's views. The Commission is currently preparing amendments to the Act and the Committee has informed the Commission that what is required is a retroactive amendment to the Act validating the appointments made under section 7(2) of the Regulations (which is still purportedly in force) and indemnifying all involved in the paying of salary and fringe benefits to all those so appointed.

4. SOR/74-8, Indian Off-Reserve and Eskimo Housing Regulations

The authority for these Regulations rests in a series of votes in Appropriation Acts. (This method of authorizing subordinate legislation is discussed fully infra, section K.) Originally confined to making loans to Indians, the purposes of the earlier votes were extended by Vote L51a, Appropriation Act No. 7, 1967 to include loans to Eskimos "on the same terms and conditions, for the same purposes and subject to the same provisions ... as loans made to Indians ...". However, section 3(1)(b) of the Regulations imposes a restriction on a loan to an Eskimo which does not apply in the case of a loan to an Indian, namely that the location of the house in respect of which the loan is to be made must be acceptable to the Minister.

The Designated Instruments Officer of the Department of Indian Affairs and Northern Development declined to advance any argument to the Committee justifying this provision as intra vires the enabling power on the grounds that to do so would involve him in the expression of a legal opinion to the Committee which the Deputy Minister of Justice has opined is not a proper function for an officer of the Department of Justice. This withholding of information from the Committee is considered infra, section G.

Criterion No. 1(b)—does not clearly state therein the precise authority for the making of the Instrument.

1. While all Departments and authorities, with the exception of the Honourable the Treasury Board, appear now to be prepared to disclose all the authority on which they are relying in making regulations, the Committee draws attention to the non disclosure of the place of publication of some authority (Sections D and E infra) and the failure to shew when and where enabling sections in statutes have been amended since the last revision of the statutes in 1970 (section F infra).

2. SOR/73-548, Copyright Fees Order, SOR/73-549, Industrial Design Fees Order

These two Orders were headed respectively Copyright Act and Industrial Design Act. They were expressed to be made pursuant to unpublished Orders in Council. The Committee considers that, where the authority for a piece of subordinate legislation is an Order in Council which has not itself been treated as a regulation, it should nonetheless be published for otherwise no one can determine whether or not the subordinate legislation is in truth intra vires and all conditions in the Order have been observed.

In the case of both these Orders, the true enabling authority was section 13 of the Financial Administration Act, under which the unpublished Orders in Council were made authorizing the Minister to set fees. In the case of the Copyright Act, section 41(1) does provide a power to impose higher charges than those imposed under the Act, but there is no such provision in the Industrial Design Act. The Privy Council Office has agreed that in future cases section 13 of the Financial Administration Act will be cited as the enabling authority along with the Order in Council made thereunder, which will in future be published as a matter of public interest in Part II of the Canada Gazette.

3. SI/73-48, Schedule to the Narcotic Control Act, amendment

This addition of a substance to the Schedule was accomplished in an Order which recited the incorrect enabling authority. The Privy Council Office has relied upon the dismissal of leave to appeal by the Supreme Court of Canada from a conviction for possession of the substance so added, for the proposition that an instrument is not rendered invalid by a misrecital of enabling authority. The Committee has this proposition under advisement but considers, nonetheless, that

this statutory instrument should be revoked and a new addition to the Schedule made reciting the correct authority. It would appear that the Privy Council Office is not prepared to comply with the Committee's views.

Criterion No. 2—has not complied with the provisions of the Statutory Instruments Act with respect to transmittal, recording, numbering or publication.

The Committee has had no occasion to invoke this Criterion. However, the Committee is of the view that many statutory instruments have not been treated as such because of the view taken by the Department of Justice of the definition of a statutory instrument in section 2 of the Statutory Instruments Act. This matter is considered in detail in section E infra.

Criterion No. 3(a)—has not complied with any tabling provision or other condition set forth in the enabling statute.

SOR/72-261, Direction to the Canadian Radio-Television Commission Respecting ineligibility to hold Broadcasting Licences

Section 27(2) of the Broadcasting Act imposes a tabling requirement which applies to this Direction. It did not appear to the Committee that the tabling requirement had been met, an impression that was confirmed by the Department of Communications by letter of July 30, 1975. Despite reminders the Department took over one year to examine the legal status of the untabled Direction only to advise on September 1, 1976 that it was the Department's view that "the failure to have the order tabled before Parliament, as is required under Section 27 of the Broadcasting Act, does not invalidate it". To date the Direction has not been tabled. Nor has it been remade and tabled within due time. The Committee has the Department's view as to the consequences of failure to table under advisement.

Criterion No. 3(b)—does not clearly state therein the time and manner of compliance with any such condition.

1. SOR/74-596, Cranberries Duty Order, 1974

Section 11 of the Customs Tariff empowers the Governor in Council to reduce duties on goods imported into Canada "from any country or countries as may be deemed reasonable by way of compensation for concessions granted by any such country or countries". The Cranberries Duty Order, 1974 did not reveal upon its face that some concession or concessions had been granted which led to the reduction of duties on cranberries. The Designated Instruments Officer for the Department of Finance has advised the Committee that in future Orders issued pursuant to section 11 of the Customs Tariff will refer to the fact of concessions having been granted by other countries to Canada justifying the duty reductions provided for in the Orders.

2. SOR/73-14, SOR/73-128, SOR/73-244, SOR/74-122, SOR/74-550, Federal Court Rules

Section 46(4) of the Federal Court Act requires that notice be given in the Canada Gazette of any proposal to amend, vary, revoke or add to any rule or rules of the Court at least sixty days before implementing the proposal with the consent of the Governor in Council, either as originally drafted or altered in light of representations received as a result of publication of the notice in the Gazette. The form of notice must invite interested persons to submit written representations. While the Committee's searches revealed that the requirements had been complied with, compliance did not appear on the face of the amending Orders. The Director of Legal Services to the Privy Council Office acquiesced in the Committee's views that compliance with the terms of section 46(4) of the Act should appear in all future amendments.

Criterion No. 4—makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative.

1. SOR/73-604, Pacific Tariff of Wharf Charges, section 15(4)

Section 15(1) provides for two circumstances in which free time shall be allowed. Yet section 15(4) confers upon the National Harbours Board a discretion to extend or to limit the free time so provided for. The National Harbours Board advised the Committee that the reason for the discretion was to accommodate unforeseeable circumstances, such as labour problems, which can delay processing of documents on handling of cargo. Given this explanation, the Committee could not see why the Board should require a discretion to limit free time. The National Harbours Board has agreed and will be revising the Regulations at an early date. The Committee notes that in SOR/76-190, Montreal Harbour Railway Tariff, a similar provision (section 4.1) has been confined to the extension of free time.

2. SOR/75-291, Port Alberni Harbour Small Vessel Facilities

The Port Alberni Harbour Commission has, in certain circumstances, power to require a small vessel to vacate its position at a small vessel facility before the time contracted and paid for has expired. Pursuant to section 7 of these Regulations the Commission has a discretion whether or not to refund rates paid in advance in respect of the period for which a vessel is required to vacate its berth. The Committee considered that there should be an obligation to make such a refund and that, if the Commission wished to have authority to set off against such a refund any other sums owing to it by a vessel owner, it should be given that authority expressly. The Ministry of Transport advised that refunds are made subject to deductions for liabilities incurred during the actual periods of berthage, for example utility services. It had been considered that a provision specifically covering such deductions would be too complex. The Ministry has agreed to reconsider the matter when the next amendment to the Regulations is processed.

3. SOR/75-384, Petroleum Import Cost Compensation Regulations, section 10(a)(ii)

The Committee has questioned this provision on the grounds of vires as being made under an enabling power introduced by the word "respecting", a matter discussed more fully infra section H, paragraph 84 and section I, paragraphs 89, 90, 91

and 92. The provision also strikes the Committee, even if intra vires, as obnoxious as amounting to a gross interference with the liberties of the subject and as an attempt to force importers to countenance the re-creation of the General Warrant, declared to be illegal in Entick v. Carrington (1765).—(3) The provision reads:

"10. No payment shall be made under these Regulations to an eligible importer unless he has

(a) given an undertaking in writing to the Board that . . .

(ii) he will allow any person designated by the Board to enter any premises of the importer in order to examine, take copies of or extracts from, any records, books, papers or other document found thereon that, in the opinion of that person, relates to the payment of import compensation to that importer,"

It is observed that this provision does not confine the right of entry to reasonable times of the day. It also gives the designated person an unfettered discretion to decide what documents do and do not relate to the payment of import compensation. This necessarily carries with it the "right" to inspect any and all papers or records of an importer (including, for example, his personal records, income tax records, etc.) for the purpose of classifying them. There is no let whatever on the classification arrived at by the officer and hence on the documents he may copy. Such extraordinarily wide powers of entry and inspection are thoroughly undesirable.

4. SOR/72-407, Explosives Regulations, amendment

While power to make regulations governing the sale of explosives is provided for by section 4(n) of the Explosives Act, the Committee objected to the new section 108.1(2) of the Regulations, added by this amendment, in that it prohibited the sale of fireworks to a person who *appears* to be under the age of eighteen years. The Committee considered that the subsection could be given effect to in this wise: even if you are over the age of eighteen years, if you appear to be under eighteen years, you may not buy fireworks.

The Department of Energy, Mines and Resources agreed that the subsection should be replaced by more equitable wording, a result accomplished by SOR/75-557 so that the subsection now reads:

"108.1(2) No person shall sell any fireworks to a person who appears to be under the age of eighteen years and does not produce evidence that he is of the age of eighteen years or over."

Criterion No. 5(a)—tends directly or indirectly to exclude the jurisdiction of the Courts without explicit authorization therefor in the enabling statute.

1. The Committee draws attention to its remarks on subjectively worded tests infra, section T.

2. SOR/74-59, Northwest Atlantic Fisheries Regulations, section 16(4)

This subsection provides that:

"(4) Where any vessel or goods have been seized under subsection (1) and proceedings in respect of the offence have been instituted, the court or judge may, with the consent of the protection officer who made the seizure, order the vessel or goods to be returned to the person from whom they were seized upon the giving to Her Majesty of security by bond, with two sureties, in an amount and form satisfactory to the Minister."

Thus, an order of a court or judge, which might be thought beneficial to the subject, is made to depend upon the giving of consent by the fisheries protection officer who effected seizure. The Committee regards it as objectionable in principle that the jurisdiction of a court and of Her Majesty's judges should be dependent upon the discretionary decision of an investigative and administrative officer, especially the very officer who, having effected seizure, initiated that exercise of jurisdiction and may well appear to have an interest in the hearing at the conclusion of which an Order may be made. The Committee notes that a similar consent of an officer is not required under section 58(7) of the Fisheries Act.

The Committee's concern was made known to the Designated Instruments Officer at the Department of the Environment in June, 1975, but to date the Committee has had no response.

Criterion No. 5(b)—makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process.

1. The Committee draws attention, in this context also, to its comments infra, section T on the granting of powers in discretionary form.

2. SOR/72-263, Sale of Postage Stamps Regulations

Section 14 of these Regulations gives to any Postmaster an unfettered power to cancel any licence at any time issued under the Regulations. While the Committee is exercised by the authority for the sub-delegating of such power to Postmasters, it is more concerned by the fact that no grounds or criteria are spelled out as justifying cancellation and by the lack of any provision for a hearing or any opportunity for the licensee to be heard or of any obligation to assign a cause for cancellation. Even if it should be that, contrary to the view of the advisers to the Privy Council Office, an action for review of the decision to cancel a licence will lie under section 28 of the Federal Court Act in the event that the rules of natural justice are ignored, the Committee feels that the subject should not necessarily be forced to litigation. Given the uncertainty which seems to surround the availability of jurisdiction under section 28, the Committee considers that the requirements of natural justice should be included in the regulations, not only to protect the subject but also to ensure jurisdiction in the Federal Court under section 28 of the Federal Court Act. To the extent that the decision to cancel is a purely administrative one, thus precluding review under Section 28, the elemental safeguards of natural justice are the more necessary.

Criterion No. 6—purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary.

1. SOR/74-259, Meat Inspection Regulations

Section 3(2) of these Regulations provided that section 3(1), which had the effect of increasing meat inspection fees in registered establishments, should come into force on April 1, 1974. However, the Regulations themselves were not made until April 23, 1974 and not registered until April 24, 1974, being published in the Gazette on the 8th of May in the same year. There is no authority in the Meat Ispection Act for the making of any retroactive Regulations or the increasing of fees retroactively. The Department of Agriculture replied to the Committee's expression of concern, explaining the delays that had occurred and assuring the Committee that the Departmental Legal Officers had already expressed their view that the increase in fees did not take effect until April 23, 1974 and that this conclusion had been made known to the departmental officers concerned in the implementation of the Regulations.

2. SOR/72-329, Science Education Sets Regulations

The above Regulations were made pursuant to the Hazardous Products Act. Section 3(1) of the Regulations was expressed to commence on the 1st of April 1972. Yet the Regulations were not made until the 24th of August, registered on the 28th of August and published on the 13th of September 1972. The Department of Consumer and Corporate Affairs conceded that section 3(1) of the Regulations was retroactive and advised that neither the officials of the Department nor the draftsmen of the Regulations intended this result. The Department further advised that no prosecution under the section had taken place and gave as its opinion that, since the supply of chemistry sets the importation of which predates 1972 was diminishing, it was unlikely that a prosecution would arise. The Department's Legal Officers had advised the officials concerned that should a violation arise concerning such a chemistry set they were not to consider prosecution. In this instance the Committee did not regard such advice to the departmental officials as sufficient and has requested that the purported retroactivity of section 3(1) be removed by an amendment to the Regulations, in order to obviate any possibility of prosecution and any detriment to the rights of the subject.

Criterion No. 7—appears for any reason to infringe the rule of law or the rules of natural justice.

1. The Committee refers to its comments infra section S, on the powers of entry and of inspection of officers of agricultural and commodity boards.

2. SOR/76-181, Restrictive Trade Practices Commission Rules

Rule 13(2) is so drafted as to give the Commission a discretion to give or to refrain from giving reasons for an Order. The Commission has advised the Committee that such a result was not intended and that reasons will always be given. What was intended was to acquire the power to make an Order, with the reasons to be published subsequently, except in the case of a consent Order. A provision that reasons would always be given was omitted from the Rules in the drafting stage. Steps are being taken to give effect to the Commission's intentions.

3. SOR/72-466, Hatchery Regulations

Sections 5 and 6 of these Regulations deal with the issuing of permits, without which it is unlawful to conduct hatcheries. Section 5 requires that an application for a permit be made to the District Supervisor who reports to the Minister on the acceptability of the proposed hatchery. Under section 6 the Minister has a complete power to grant or to withhold a licence notwithstanding the content of the District Supervisor's report. However, should an unfavourable report be submitted to the Minister, there is no requirement that the applicant be so informed, or that he be given an opportunity to be heard in rebuttal.

The Department of Agriculture advised the Committee that it is the invariable practice of Regional Directors to discuss any inadequacies in an applicant's facilities before a report is submitted to the Minister. The Department has, however, acknowledged that such processes of consultation and advice to applicants should be regularized and coupled with a right to be heard in any applicant who considers the Regional Director to be wrong in his assessment.

4. The Committee has under continuing study SOR/75-196, Public Service Inquiry Regulations, which pose certain problems of procedural safeguards for public servants who have been suspended by the Governor in Council "in the interest of the safety or security of Canada or any state allied or associated with Canada" pursuant to section 7(7) of the Financial Administration Act. Not least amongst these problems is the right of the public servant to know the case against him.

Criterion No. 8—provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council.

While the Committee has attempted to ascertain the reasons why certain Regulations should come into force before being registered, it has not been successful. This matter is discussed in section E, paragraphs 33, 34 and 35 infra. Consequently, the Committee is unable to say whether any regulations have come into force before registration without good and sufficient reason therefor.

The Committee has noted instances of statutory instruments, not being regulations, coming into force many months before their registration, and this matter is also discussed in section E, paragraph 24 infra.

Criterion No. 9—in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment,

and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation.

1. The Committee wishes to refer to section K infra on the making of subordinate legislation under Votes in Appropriation Act and Items in the Estimates.

2. SOR/73-153, Trade Mark Rules, amendment

This amendment added a new Rule 12 to the Regulations. The old Rule 12 forbade the Registrar to furnish any information the giving of which required him to search his records or to express any opinion which concerned the interpretation of the Act or the Rules or the registrability of any trade marks not the subject of a pending application for registration. Parliament had itself provided for the opening of the Register in limited circumstances in section 28.

The new Rule 12 gives to the Registrar a discretion to furnish the information or express the opinions he was previously forbidden to furnish or express if in his discretion he considers this course to be in the public interest.

The Committee is still pursuing the vires of this new Rule and the desirability and scope of the discretion now given to the Registrar, but wishes now to report that it considers that the circumstances in which the Register should be open and opinions expressed as to the interpretation of the Act, the Rules or the registrability of trademarks should be specified by Parliament, as it already has in some degree in section 28 of the Act, and not by subordinate legislation.

3. SOR/75-558, National Energy Board Part VI Regulations, amendment

Section 17 of the National Energy Board Act reads:

"(1) Subject to subsection (2), the Board may review, rescind, change, alter or vary any order or decision made by it, or may re-hear any application before deciding it.

(2) The Board may change, alter, or vary a certificate or licence issued by it but no such change, alteration or variation is effective until approved by the Governor in Council."

Section 10 of the Regulations previously read simply:

"10. Every licence shall state

(a) in the case of gas, the total quantity of gas that may be exported or of gas that may be imported thereunder, and the maximum quantities for any daily, monthly, annual or other appropriate period, and

(b) in the case of electrical power and electrical energy, the quantities in terms of kilowatts and kilowatthours that may be exported thereunder, the quantities if any that may be imported as an offset to the export, and the maximum quantities for any daily, monthly, annual or other appropriate period with respect to both exports and imports."

Section 10 was then amended to read as follows:

"10.(1) Subject to subsection (2), every licence shall state

(a) in the case of gas, the total quantity of gas that may be exported or of gas that may be imported thereunder, and the maximum quantities for any daily, monthly, annual or other appropriate period, and

(b) in the case of electrical power and electrical energy, the quantities in terms of kilowatts and kilowatthours that may be exported thereunder, the quantities if any that may be imported as an offset to the export, and the maximum quantities for any daily, monthly, annual or other appropriate period with respect to both exports and imports.

(2) Every licence for the exportation of gas is subject to the condition that where the Board has, pursuant to subsection 17(2) of the Act, varied the quantity of gas stated in the licence that may be exported thereunder the licensee will, notwithstanding the quantity stated in the licence, export no greater quantity of gas than that specified in the order of the Board that varies the licence."

Counsel to the National Energy Board explained to the Committee the need for the amendment embodied in SOR/75-558 as flowing from the desire of the Board to reduce licensed quotas for the export of natural gas should such reductions appear to the Board to be in the public interest. It has been argued forcefully by some lawyers for licencees that a reduction in a gas export quota is not a change, alteration or variation of a licence which can be effected simply under section 17(2) but rather a partial suspension or cancellation of a licence which can only be effected under section 84(1) of the Act for violation of a term or condition of the licence, with the attendant safeguards to the licensee of notice and an opportunity to be heard. In order, therefore, to allow for an unchallengeable reduction in a licensed quota it was decided to proceed by making every licence subject to the condition that if a change, alteration or variation were effected under section 17(2) of the Act it would be obeyed, notwithstanding the fact that if such a condition did not form part of the licence it might be possible to challenge the change as ultra vires section 17(2) of the Act and as not conforming to the grounds and procedural requirements for a suspension or cancellation specified in section 84 of the National Energy Board Act. Left at that, there would arise a situation in which new licences would be made subject to this condition but old licences would not, for otherwise the new section 10(2) of the Regulations would be being given a retroactive operation for which there is no warrant. However, this obstacle in the Board's path is overcome by section 82(3) of the Act itself which permits the new section 10(2) of the Regulations to attach to licences both old and new, for it reads:

"(3) Every licence issued under this Part is subject to the condition that the person to whom it is issued will comply with the provisions of this Act and regulations as in force at the date of the issue thereof and as subsequently enacted, made or amended and will comply with every order made under the authority of this Act."

By a process analogous to pulling itself up by its own bootstraps, the object of the Board has been achieved by subordinate legislation. Such an interference with established rights ought to be carried out under explicit statutory enactment.

4. SI/75-50, Representational Gifts Remission Order

This Order provides that "in recognition of international comity and practice that Heads of State, Heads of Government, Ministerial representatives of Government and Members of Parliament exchange gifts during official visits" customs duty, sales tax and excise tax shall be remitted on gifts received by the Prime Minister, Ministers and Members of Parliament on official visits to other countries or presented by visiting foreign donors in Canada. The enabling power is section 17 of the Financial Administration Act which empowers the Governor in Council "whenever he considers it in the public interest" to remit "any tax, fee or penalty". The Committee has commented on Remission Orders made under this section infra, section P. In this instance, the Committee considers the Order as one not concerned with administrative detail but constituting a substantive departure from established taxation law, incorporating into the law of Canada an aspect of "international comity and practice" and creating a class of privileged persons marked otherwise than by the conferring of titles or orders. As such, it seems appropriate for legislative action by Parliament.

Criterion No. 10—without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence.

The Committee has not had occasion to invoke this criterion.

Criterion No. 11—imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative.

1. SOR/74-98, Seaway Regulations

Section 75(2) of these Regulations provided for the imposition of a surcharge when a toll account was not paid within fourteen days of the date shown on the account. It appeared to the Committee that neither section 20 of the St. Lawrence Seaway Authority Act, pursuant to which the Regulations were made, nor section 16 of the same Act relating to the establishment of tolls, conferred any authority for the imposing of such a surcharge or penalty. The remedy for an unpaid account provided for by the Act is detention and ultimately the sale of the ship and the cargo. After several exchanges of correspondence with the St. Lawrence Seaway Authority, which was acting in order to provide for uniformity with the equivalent American regulations, the Authority agreed to delete the surcharge provision, and such deletion was effected by SOR/76-225.

2. SOR/76-121, Olympic Stamp Draw Regulations

These Regulations, made under section 190(1)(a) of the Criminal Code, permitted the Postmaster General to conduct a draw in the nature of a lottery amongst persons who affixed Olympic stamps to an entry card. The Regulations provided for prizes but there was no authority for the Postmaster General to expend public moneys upon such prizes. This was pointed out to the Designated Instruments Officer at the Post Office. Subsequently, by Order in Council P.C. No. 1976-1042 of 5th May 1976, which has not been registered and published as a statutory instrument or regulation, the Governor in Council, pursuant to section 52 of the Financial Administration Act, directed the Postmaster General to transfer public property, in the form of money, to prize winners. While section 52 provides that no transfer of public property shall be made to any person, except "on the direction of the Governor in Council or in accordance with regulations of the Governor in Council . . . " the Committee entertained some doubt as to whether section 52 is anything more than a procedural requirement which only arises after actual authority exists for the transfer of the property. However, the Committee is now satisfied that section 52 authorizes Order in Council P.C. No. 1976-1042 and awaits only confirmation of a valid parliamentary appropriation covering expenditure by the Post Office on the airline tickets purchased as prizes.

Criterion No. 12—is not in conformity with the Canadian Bill of Rights.

SOR/75-525, Northwest Atlantic Fisheries Regulations, amendment

The only occasion on which the Committee has invoked this Criterion was a recent amendment to the Northwest Atlantic Fisheries Regulations, SOR/75-525. The amendment inserted into the Regulations a new section 17(1.1) which provides for forfeiture of fishing gear or fish, without conviction of any offence having been entered, in circumstances where the ownership of the gear or fish, having been seized pursuant to other provisions of the Regulations, can not at the time of seizure be ascertained by the seizing officer. This provision must have been thought necessary since the Fisheries Protection Officer could logically believe on reasonable grounds that fish had been caught contrary to the Regulations, or that gear had been used in connection with the commission of an offence under the Act or the Regulations, thus justifying seizure, without his being able at the moment of seizure to identify the owner or owners of the gear or the fish, who might be then charged and convicted.

This provision was inserted in the Regulations by way of exception to section 17(1) which provides for forfeiture only after conviction of an offence. The Committee formed the tentative view that forfeiture of goods to Her Majesty without conviction was ultra vires the Northwest Atlantic Fisheries Convention Act and contrary to the Canadian Bill of Rights, section 1(a), in particular "the right of the individual to enjoyment of property and the right not to be deprived thereof except by due process of law". The Committee does not believe that seizure upon "reasonable grounds of belief" and subsequent forfeiture without conviction accords with reasonably accepted notions of "due process of law". This view was made

known to the Ministry of State (Fisheries and Marine) by letter of 24 March 1976. Despite a subsequent reminder the Ministry has yet to reply to the Committee's request for an explanation of this provision.

Criterion No. 13—is unclear in its meaning or otherwise defective in its drafting.

1. SOR/75-493 and SOR/75-552, Atlantic Crab Fishery Regulations, amendments

In examining the above regulations it appeared to the Committee that subsections (1) and (2) of section 13 as contained in SOR/75-493 were inconsistent. While subsection (1) permitted the fishing for, retaining, buying, selling and having in possession, and thus by implication the catching of a snow crab, in waters adjacent to the coast of Newfoundland, that is 3 3/4 inches or more in width, subsection (2) commanded the immediate return to the water of any snow crab caught in the waters adjacent to the coast of Newfoundland. It would be impossible to obey subsection (2) and have the benefit of subsection (1).

The Committee noted that section 13 was amended by SOR/75-552 by deleting the words "caught in the waters adjacent to the coast of Newfoundland", thus making the section of general application. Consequently, the words "in the waters referred to in subsection (1)" should have been deleted from subsection (2), for there were then no waters mentioned in subsection (1) to which reference can be made. Even if the words "in the waters referred to in subsection (1)" were deleted the inconsistency between subsections (1) and (2) would remain, for subsection (2) would read:

"(2) Any snow crab or any soft-shelled crab caught shall be returned to the waters immediately."

The Committee wondered if this subsection should not read:

(2) Any person catching a soft-shelled crab or a snow crab of less than three and three-quarters inches in width shall return the same to the water immediately.

or words to the like effect.

The Committee has not received a reply to its observations from the Ministry of State (Fisheries and Marine), but the Regulations were revoked by SOR/76-359 which made an entirely new set of Regulations in which the inconsistencies noted by the Committee were avoided.

2. The Committee considers it to be especially important to insist on clear drafting when offences are created. In two sets of fisheries regulations the Committee has objected to similar provisions making it an offence to fish for certain species, to catch and retain them or to have them in possession, without using clear terms to say so. The first example is found in section 12(1) of the Northwest Atlantic Fisheries Regulations (SOR/74-59 and SOR/74-549) which states that "no person fishing . . . shall fish for, catch or retain any sea scallops". The words of section 12(1) suggest that catching sea scallops is as much an offence as fishing for them. This wording contradicts section 12(3) which contemplates the return to the waters of the undersized scallops caught. The Committee then suggested that the following drafting be adopted for section 12(1):

"No person fishing in . . . shall fish for, or catch and retain any sea scallops."

The Department of the Environment followed the Committee's suggestions in its drafting of the new section 11(1) of the Northwest Atlantic Fisheries Regulations (SOR/75-99) which added to the proscription of fishing for haddock in certain areas a prohibition on catching and retaining haddock in excess of certain quantities. The Department has not yet amended section 12 of the same Northwest Atlantic Fisheries Regulations in the manner recommended by the Committee.

Another example of this type of offence was found in the Quebec Fishery Regulations (SOR/75-420 as amended) where section 11(1) provides that "no person shall catch, take, or have in his possession an anadromous salmon of less than twelve inches . . . ". Section 30(1) of these regulations affords the possibility to any person who has caught or taken a fish contrary to the Act or Regulations to return it alive to the waters. In order to reconcile section 11(1) with the meaning of section 30(1), the Committee suggested that the drafting be changed in the following way:

"no person shall catch or take and retain, or have in his possession . . . "

The Committee has been particularly exercised by these regulatory provisions because it would appear that as a result of The Queen v. Pierce Fisheries Ltd.—(4) catching or having in possession pursuant to fishery regulation is an offence of strict liability of which mens rea is not an essential ingredient. It is, therefore, very important that the drafting of this type of offence be precise, because the subject should be able in reading the regulations to know precisely if it is an absolute offence to fish for a prohibited species, or merely to catch it, or to catch it and retain it or to have it in possession. In the context of the New Atlantic Crab Fishery Regulations SOR/-76-359, the Committee has asked the Department of the Environment why a standard formula for offences can not be used.

3. SOR/75-472, Petroleum Administration Act, Part I Regulations

Section 4 of these Regulations stipulates that the return of information required under section 13(1) of the Petroleum Administration Act "shall be in the form set out in the Schedule to the Regulations". Section 5 of the Regulations lists certain specific items of information which must be included in the return. However, the form of return prescribed in the schedule does not contain any space in which the information required by section 5 can be put.

4. SOR/76-80, Gasoline Excise Tax Refund Regulations

Section 4 of these Regulations provides that every application for a refund, in the form set out in the Schedule to the Regulations, shall shew one of five numbers issued by the Department of National Revenue (Taxation or Customs and Excise). Section 5 in the English text provides that "every

application shall shew the same number on each claim submitted". From a reading of the French text and of the Regulations as a whole, the Committee concluded that what was meant was: "Every application submitted by the same applicant shall shew the same number, as determined under section 4 . . .". The word "claim" did not appear in the enabling power or elsewhere in the Regulations and its use served only to confuse. The Department of National Revenue (Customs and Excise) has agreed to redraw section 5 as suggested by the Committee.

5. SOR/74-605, Urban Development and Transportation Plans Regulations

Section 3 of these Regulations reads as follows:

"3. (1) The part of the costs that may be included in calculating the amount of any payment authorized pursuant to subsection 3(3) of the Act are those costs that are, in the opinion of the Minister of Transport, in the case of a transportation plan, or the Minister of State for Urban Affairs, in the case of an urban development plan, incremental to the normal operating costs incurred in the preparation of the plan by the recipient of the payment.

(2) Any interest on funds borrowed in respect of the preparation of a plan shall not be included in calculating the incremental costs referred to in subsection (1)."

The formula for determining the costs that may form the basis of a payment is expressed to be "those costs . . . incremental to the normal operating costs incurred in the preparation of the plan by the recipient of the payment". It is easy to envisage what "costs incremental to the normal operating costs of the recipient" would be. But it is difficult to comprehend what are "normal operating costs incurred in the preparation of the plan." Taken literally that would restrict the relevant costs to those which are truly exceptional. At first sight this might be thought to include public relations work and so on. But then that would not be a cost incurred in the preparation of the plan.

It is possible that what was meant was:

(a) those costs incurred in the preparation of the plan which are in addition to the normal operating costs of the recipient of the payment.

or somewhat differently expressed

(b) those costs that are incurred in the preparation of the plans by the recipient and are incremental to its normal operating costs.

Under either (a) or (b) the costs are all those not normally borne by the recipient as part of carrying on its usual activities. Thus the recipient would not be able to apportion to the cost of preparing the plan its usual and continuing expenses for rent, secretaries, typewriters, draughtsmen, coloured inks, etc. but could only charge costs specially incurred for the projects, e.g. special staff hired, space rented, supplies purchased, etc. But whatever is meant it can be argued that it can not be "costs incremental to normal operating costs incurred in the preparation of the plan" if the preparation of the plan is not normal but rather extraordinary and the costs of preparing one cannot therefore be normal operating costs.

The section as it now stands gives the Minister the power, rather the discretion, to determine what are "incremental costs" and hence the costs to be refunded to the recipient. Section 3(3) of the Act empowers the Minister to pay "part of the cost" and presumably the regulations "in that behalf" were to specify what that part of the cost was to be, subject to the 50% ceiling in subsection (4). By giving the Minister the power to form an opinion as to what is incremental cost the Governor in Council has in effect delegated to the Minister the power to determine the "part of the cost" which is to be paid. Admittedly whatever formula is set for determining the part of the cost to be paid someone must do the sums to produce the amount of refund. Yet the combination of the vague formula of incremental cost—the Committee can foresee the disagreement over apportioning heating bills when the planners work later than anyone else—and the Minister's unfettered discretion to determine its amount means that the purpose of subsection 3(3) has been entirely subverted. Parliament might just as well have enacted:

3. Subject to subsection (4) and to such regulations as may be made by the Governor in Council, the Minister may authorize the payment out of moneys appropriated by Parliament therefor of such part as he considers reasonable of the cost of preparing such one or more transportation plans, in respect of a transportation study area, as he considers desirable for the transportation study area.

The Ministry of State for Urban Affairs advised the Committee that there did appear to be ambiguity in the words of section 3(1) of the Regulations and that the two alternative meanings suggested by the Committee were being followed by the Ministry. The Ministry wished to have more time and experience in operating these new regulations before deciding which interpretation it wished to adopt. Similarly, the Ministry wanted the advantage of practical experience before limiting ministerial discretion. These practical considerations were acceptable to the Committee in April 1975. The Committee considers that the Ministry should now be in a position to clarify these Regulations as it understands that eight schemes for relocation of railway undertakings are now in effect. However, the Director of Legal Services for the Ministry of State has advised the Committee that "experience to date does not warrant or justify putting forth changes to the Regulations at this time". The only crumb offered is that the Committee's comments will "be kept on file and, at such time as it is considered that amendments are warranted, will be given due consideration by this Department and by the Department of Transport". Meanwhile, the Minister's discretion continues unchecked.

Criterion No. 14—for any other reason required elucidation as to its form or purport.

1. The Committee has, under this criterion, consistently called attention to the granting in subordinate legislation of

discretionary decision-making powers. The Committee draws attention to its remarks in section T infra.

2. SOR/75-413, Fishing Vessels Insurance Regulations

Section 27 of these Regulations deals with the return of premium paid in excess of the amount that is required by the Regulations and of a premium paid where "the Minister is of the opinion that the purpose for which the premium was paid has not been and cannot be fulfilled under these Regulations". Yet, in these circumstances the Minister is given a discretion to return the excess amount of the premium, or not to return it! This appeared to the Committee to call for an explanation which has not been forthcoming.

3. SOR/75-67, Unemployment Insurance Regulations amendment, amending section 145(9) of the principal Regulations, as amended by SOR/72-221

This amendment provides that for certain purposes of the Act, a claimant fails to prove that he is available for work and unable to obtain suitable employment on each working day in a period "if he fails to prove that during that period he made reasonable and customary efforts to obtain employment".

The Committee wished to be informed as to how this test was applied and what criteria existed as to its use.

The Unemployment Insurance Commission made available to the Committee a copy of that part of its Guidelines which relates to the conduct of the Active Job Search Programme and explained the claimant's right of appeal to a Board of Referees and to an Umpire, who is a judge of the Federal Court of Canada. Upon further enquiry, the Commission advised that decisions of Umpires are automatically examined as a basis for changes in the Guidelines. With these answers the Committee felt justified in concluding that there were adequate safeguards for claimants. The position of Departmental Guidelines is commented upon in section E infra.

12. The Committee wishes to emphasize that in scrutinizing statutory instruments it is not limited in terms of its criteria, which have been approved by both Houses, to question of vires, lawfulness or simple invalidity through non-compliance with procedural requirements, conditions precedent or matters of form. To take but one stark example, the Committee is not bound by what is sometimes said to be the ratio of In Re Gray—(5) and other cases arising under the War Measures Act in both World Wars "that the Governor in Council may under a general (regulatory) power legislate inconsistently with any existing statute and also take away a right acquired under a statute."—(6) Any statutory instrument found to be inconsistent with an existing statute or which took away a right acquired under a statute (or another statutory instrument) would be scrutinized most rigorously by the Committee under criteria 4, 7 and 9.

13. The Committee's concern does not extend to the policy contained in or carried into force by statutory instruments. Nonetheless, in applying criterion 4, "unusual or unexpected use of enabling power", the Committee often desires to be informed of the reason for a particular statutory instrument and the manner in which it is implemented. The explanations offered by departments have on several occasions indicated that what was involved was not an unusual or unexpected use of the enabling power in carrying out a policy but rather the matter of policy itself, with which the Committee has no concern unless it contravenes one of the criteria for scrutiny.

C.—THE SUBORDINATE NATURE OF STATUTORY INSTRUMENTS

14. With the exception of statutory instruments made under the Royal Prerogative, which are original or primary legislation no less so than are statutes, all statutory instruments subject to the Committee's scrutiny fall into that class known as subordinate or delegated legislation. The Committee wishes to emphasize at the outset that subordinate legislation is, and must be regarded as being, subordinate, for otherwise Parliamentary supremacy will have been abandoned. The Committee can make this point no more clearly than did the Committee on Ministers' Powers (Donoughmore Committee) in 1932:

> "The power to legislate, when delegated by Parliament, differs from Parliament's own power to legislate. Parliament is supreme and its power to legislate is therefore unlimited. It can do the greatest things; it can do the smallest. It can make general laws ... it can make a particular exception out of them in favour of a particular individual. It can provide ... for the payment of old age pensions to all who fulfill the statutory conditions; it can also provide—and has in fact provided—for boiling the Bishop of Rochester's cook to death. But any power delegated by Parliament is necessarily a subordinate power, because it is limited by the terms of the enactment whereby it is delegated."—(7)

As will become apparent from this Report, the Committee has come upon many instances of denial of this basic proposition that delegated legislation is necessarily subordinate. There seems to be an unwillingness to understand that a delegate simply can not do everything that Parliament could have done had it chosen to legislate in extenso.

15. The claim to give subordinate legislation a non-subordinate status is well illustrated by three recurring issues that have confronted the Committee: the claim to a power to dispense with regulations in favour of particular individuals, the claim to an unfettered power to sub-delegate the rule-making power conferred by Parliament and the claim to a plenitude of legislative power whenever the enabling authority confers power to make regulations "respecting" a specified subject matter. Each of these issues receives a separate treatment.

16. The Committee cannot accept that the actual decisions, or dicta, in In Re Gray,—(8) the Chemicals Reference—(9) or other cases arising under so exceptional a statute as the War Measures Act are any guide to the true nature of subordinate legislation or to the principles of construction and interpretation to be placed on other statutes and the enabling

sections contained within them in normal times of external peace.

D.—AVAILABILITY OF SUBORDINATE LEGISLATION TO THE PUBLIC IN COMPREHENSIBLE FORM

17. It is, perhaps, not surprising that in Canada, which has made so late a start upon the scrutiny of subordinate legislation, there persists the view that statutory instruments need not be made generally available and need not be put in as simple, comprehensible and explicable form as is possible. This view rests on the assumption that ordinary folk will not concern themselves with statutory instruments and that those affected by them, or who need for their own protection to take account of them, lawyers, businessmen, fishermen, farmers and so on will take thought for themselves and make it their own business to find out what the law is, through lawyers, trade associations, commercial services and the like. While the Committee acknowledges that this may well be the case, the premisses of the argument are wrong. If once admitted, the conclusion must also follow that the statutes need never be revised, consolidated or published in compendious form, because those affected will themselves do all the necessary research and piecing together of amendments. And, however effective the commercial services may be, there is something fundamentally amiss when even officers of Government themselves depend on an outside commercial service for a consolidation of their own regulations.

18. The Committee believes that the law is directed to all Her Majesty's subjects. This is as true of subordinate legislation as it is of statute law. It is as true of statutory instruments as it is of the Acts under which they are made. This being so, statutory instruments should be as intelligible, as explicable and as little mysterious as man can devise.

19. Statutory instruments pose quite serious problems for the fulfillment of the Committee's views. First, they are not self-contained, as is a statute, and refer at least to the enabling Act and often to other documents as well. Secondly, there is a great number of them, large and small, and certainly far more than there are statutes. Thirdly, many of them are frequently amended so that over time a multiplicity of amendments collect around a single statutory instrument. Subsequent re-amendment and further re-amendment of the initial amendment is not uncommon.

20. Faced with these obstacles, which are far from negligible, the Committee realizes that the comprehension of a statutory instrument, its relation to its enabling power and its inter-relationship with other statutory instruments and prior amendments will never be an easy matter. But the Committee believes that it can and should be made much easier than it is at present. The recommendations contained in section F: "Matters Relating to the Form of Statutory Instruments" are designed to facilitate that increase in comprehensibility of statutory instruments, necessary so that in truth they will be directed to people and not to lawyers and officials only. The Committee feels strongly about its philosophy in this matter and trusts that the greater readiness recently shown by the officers of the Privy Council will lead to a dramatic improvement in the ease with which statutory instruments may be understood and in the information about the subordinate legislation and the enabling power which they disclose.

E.—DEFECTS IN THE STATUTORY INSTRUMENTS ACT, PRINCIPALLY THE DEFINITION OF A STATUTORY INSTRUMENT

21. The Committee wishes to place before both Houses the problems and difficulties which it has encountered as flowing from the text of the Statutory Instruments Act itself. Some of these problems are more serious than others, but by far the most important and difficult is the very definition of a statutory instrument which the Committee has found incomprehensible and unworkable, and productive of inconsistency in approach even by the Legal Advisers to the Privy Council Office with whose approach to the definition the Committee can not agree. Nevertheless, it is the Legal Advisers who are the persons who actually apply the definition and whose views are, therefore, complied with by Departments of State and regulation-making authorities.

22. Before this, and other problems, can be understood the general structure of the Statutory Instruments Act must be appreciated. The Act gives a definition of a statutory instrument and provides that all statutory instruments, except those which are lawfully kept secret—(9a) shall stand permanently referred to any Committee of the House of Commons, of the Senate or of both Houses of Parliament that may be established for the purpose of reviewing and scrutinizing statutory instruments".—(10) From amongst this class of statutory instruments the Act defines a narrower class called "regulations", not to be confused with the word "regulation" as defined in the Interpretation Act. It is only a regulation as defined in the Statutory Instruments Act which must under that Act be scrutinized in draft by the Legal Advisers to the Privy Council Office, be registered and published in the Canada Gazette Part II within certain time limits prescribed by the Act. A statutory instrument which is not a regulation need not be registered and need not be published unless registration and/or publication is specifically provided for in one of three ways:

(i) if it is required or authorized by statute to be published in the Gazette, and it is so published, it must also be registered; (no list of such statutory instruments is maintained by the Privy Council Office or by the Department of Justice.);

(ii) if it is required or directed to be published in the Canada Gazette by the Clerk of the Privy Council pursuant to regulations made under section 27(g) of the Statutory Instruments Act;

(iii) if it is required to be published because it falls within a class of documents the publication of which in the Gazette is

prescribed by regulation under section 27(h) of the Statutory Instruments Act.

23. The classes of documents which must appear in the Gazette are defined by section 11(3) of the Statutory Instruments Regulations as:

"(a) orders made by the Governor in Council under the Public Service Rearrangement and Transfer of Duties Act;

(b) orders made by the Governor in Council whereby any member of the Queen's Privy Council for Canada is designated to act as Minister for the purposes of any Act of Parliament;

(c) proclamations; and

(d) orders made under section 17 of the Financial Administration Act that are of continuing effect or apply to more than one person or body."

It is not at all clear which documents from these classes are statutory instruments and the Legal Advisers to the Privy Council Office have declined to identify those which they consider to be statutory instruments. The Committee has never been told which types of statutory instruments the Clerk of the Privy Council has decided should be published in the public interest. The Committee has only been furnished with a list of those individual statutory instruments that have been so published.

24. It is unfortunately the case that a mere statutory instrument which is to be published in the Gazette need not be registered and published within any time limits. The Committee has seen instances of Proclamations published months, and in one instance eleven months,—(11) after they were issued. By operation of section 6 of the Interpretation Act, as amended by the Statutory Instruments Act, it would seem that a statutory instrument not being a regulation comes into force "upon the expiration of the day immediately before the day" on which it was made, unless some other day is specified for entry into force. Thus, every statutory instrument which is not a regulation that is registered and published will come into force before registration and publication, except in the inconceivable case in which it is made, registered and published all in the one day. The Committee can not regard as satisfactory a law which on the one hand treats some statutory instruments as sufficiently important to be registered and published, yet allows them to come into force perhaps months beforehand when they are made. The Committee regards as highly desirable a general rule that no subordinate legislation should come into effect until registered and published. This general rule applies neither to regulations nor to mere statutory instruments under the Statutory Instruments Act.

25. The Committee is faced, then, with a situation in which undoubtedly many statutory instruments are "issued, made or established", to use the language of the Act, but are not published in the Canada Gazette or in some other central location, and are nowhere registered. This makes a mockery of the permanent reference of all statutory instruments to the Committee under section 26 of the Statutory Instruments Act. If the Committee does not know of statutory instruments, and has no means of knowledge of their existence, it can not scrutinize them. The consequence of this state of affairs is that while the Committee has the jurisdiction under section 26 of the Statutory Instruments Act and the references of the two Houses to scrutinize all but the "secret" statutory instruments, it has access only to those which are regulations (but not secret regulations) and to those statutory instruments which happen to be published in the Gazette, an event over which the Committee, of course, has no control. The Committee and its counsel occasionally stumble across other statutory instruments, and yet others are volunteered for scrutiny by Departments and governmental agencies, notably the Department of National Defence.

26. The Committee must report that in the absence of any legal requirement that all statutory instruments be either centrally registered and published or sent to the Committee by those who make them, the Committee is not able effectively to carry out the functions assigned to it by statute and by the two Houses.

27. The Committee has had neither the time nor the resources to step into the twilight world of unpublished statutory instruments. Consequently, it has the opportunity to scrutinize only those which come to its attention either by being volunteered, as is the case of the statutory instruments of the Department of National Defence, or by chance. The Directives of the Commissioner of Penitentiaries are a special case. They are unpublished, but have been made available to the Committee which considers them to be not only statutory instruments but regulations (Vide paragraphs 38-40 infra). A special study of these Directives has been commissioned by the Committee from the John Howard Society of Ontario.

28. The Committee also wishes it to be noted that its scrutiny is ex post facto only. Until a statutory instrument has been "issued, made or established" the Committee is not seized of it. Only regulations, and not other statutory instruments, are subject to a statutorily prescribed procedure for transmission in draft for scrutiny by the Crown's lawyers before making, registration and publication. While a regulation is thus scrutinized twice, by the Legal Advisers to the Privy Council Office before, and by the Committee after, it is made, a mere statutory instrument may never be checked, examined or scrutinized by anyone. It will not be seen by the Legal Advisers to the Privy Council Office and it will only come before the Committee if it is published in the Gazette or by chance.

29. It may be noted in passing that the criteria by which the Legal Advisers to the Privy Council Office scrutinize draft regulations are set out in section 3(2) of the Act as follows:

"(a) it is authorized by the statute pursuant to which it is to be made;

(b) it does not constitute an unusual or unexpected use of the authority pursuant to which it is to be made;

(c) it does not trespass unduly on existing rights and freedoms and is not, in any case, inconsistent with the purposes and provisions of the Canadian Bill of Rights; and

(d) the form and draftsmanship of the proposed regulation are in accordance with established standards."

It will be readily seen that these criteria are both less numerous and more restricted than those used by the Committee for the subsequent scrutiny of the same regulations after they have been made (and almost invariably after they have already entered into effect).

30. The problem caused by the silence of the Statutory Instruments Act as to how statutory instruments, which are not regulations or are not published in the Canada Gazette, are to become known to the Committee would be serious enough if the Committee, on learning of the existence of a document, could determine readily whether it were a statutory instrument or not. But this the Committee can not do and the problem is accordingly critical. The definition of a statutory instrument provided in the Act is incomprehensible. The Committee has devoted a great amount of time and effort to trying to glean from the words of section 2(1)(d) of the Statutory Instruments Act a clear meaning and a clear definition of a statutory instrument. The effort has been wasted and legislative action is necessary.

31. For expository purposes it is true that a statutory instrument may be taken as meaning a document which embodies subordinate legislation authorized by statute or a rule made in the exercise of the Royal Prerogative. It is equally true that, if a statute is the ultimate authority for a document, that document is potentially a statutory instrument. But the Committee needs to know with precision whether a document is a statutory instrument, for if it is not it has no business considering it. And if it is no one can attempt to deny or to thwart the Committee's scrutiny. Unfortunately, the definition of a statutory instrument is so hedged about with exceptions, at one and the same time explicit in nature but obscure in meaning, and with qualifications direct and indirect, and is so flawed with a triple negative that it is useless.

32. Section 2(1)(d) of the Statutory Instruments Act reads as follows:

"(d) "statutory instrument" means any rule, order, regulation, ordinance, direction, form, tariff of costs or fees, letters patent, commission, warrant, proclamation, by-law, resolution or other instrument issued, made or established

(i) in the execution of a power conferred by or under an Act of Parliament, by or under which such instrument is expressly authorized to be issued, made or established otherwise than by the conferring on any person or body of powers or functions in relation to a matter to which such instrument relates, or

(ii) by or under the authority of the Governor in Council, otherwise than in the execution of a power conferred by or under an Act of Parliament,

but does not include

(iii) any such instrument issued, made or established by a corporation incorporated by or under an Act of Parliament unless

(A) the instrument is a regulation and the corporation by which it is made is one that is ultimately accountable, through a Minister, to Parliament for the conduct of its affairs, or

(B) the instrument is one for the contravention of which a penalty, fine or imprisonment is prescribed by or under an Act of Parliament,

(iv) any such instrument issued, made or established by a judicial or quasi-judicial body, unless the instrument is a rule, order or regulation governing the practice or procedure in proceedings before a judicial or quasi-judicial body established by or under an Act of Parliament,

(v) any such instrument in respect of which, or in respect of the production or other disclosure of which, any privilege exists by law or whose contents are limited to advice or information intended only for use or assistance in the making of a decision or the determination of policy, or in the ascertainment of any matter necessarily incidental thereto, or

(vi) an ordinance of the Yukon Territory or the Northwest Territories or any instrument issued, made or established thereunder."

The Committee's main concern has been with paragraph (i) but it must also note that it can give no clear meaning to the words following the words "exists by law" in sub-paragraph (v), a matter to which this Report will return.

33. Turning to sub-paragraph (i) of section 2(1)(d) these words have been interpreted by the Legal Advisers to the Privy Council Office, a section of the Department of Justice, as meaning:

(i) No instrument can be a statutory instrument unless the enabling power under which it is made expressly names a type of document in the form of which the instrument is to be issued. This has come to be known to the Committee as the magic formula approach for unless an enabling power reads that the Governor in Council (Minister, Commission, etc.) may "by Order", "by rule", "by regulation", "by warrant", "by tariff" and so on, there can be no statutory instrument. This interpretation would remove from the class of statutory instruments, and hence from the Committee's scrutiny, instruments made under enabling powers now in very common use, for example: ". . . according to terms and conditions as the Governor in Council may prescribe . . . ", ". . . the Minister may prescribe . . . ", ". . . the Board may regulate . . . and may fix, impose and collect . . . ".

(ii) No instrument can be a statutory instrument unless it is a document which falls within the class common to the types of document catalogued in the opening words of section 2(1)(d). The words "or other instrument" are to be construed as limited to the class indicated by the preceding types of documents. The Legal Advisers have been unable or unwilling to indicate what that class is. Hence, it is not possible to be sure when, in their eyes, any document, whose title is not specifically covered in the opening words of section 2(1)(d), is utterly excluded from the class of statu-

tory instruments from the outset without need of referring to the balance of the definition.

It is probably the case that an enabling power which authorized the Governor in Council "by statutory instrument to prescribe terms and conditions" would not, when exercised produce a document which was a statutory instrument in the eyes of the Department of Justice. And why? Because the name "statutory instrument" does not appear in the catalogue which forms the opening words of paragraph (d) of section 2(1) and because there is no provision that "statutory instrument" includes any instrument described as a statutory instrument in any Act of Parliament. There is, however, in section 2(1)(b) a provision that "regulation" includes any instrument described as a regulation in any Act of Parliament.

(iii) No instrument which confers upon another person the power, or purported power, to make delegated legislation or to act in some other way is a statutory instrument. This particular interpretation is not, however, consistently followed by the Crown, for some conferrals of authority are regarded as statutory instruments and regulations by the Privy Council Office, for example, Orders made under section 2 of the Agricultural Products Marketing Act empowering Commodity Boards to regulate commodities in inter-provincial trade and to raise levies on such commodities.

34. The Committee does not accept the validity or legal force of the foregoing interpretations of section 2(1)(d) for the reasons set out in some detail in Appendix I to this Report. More importantly, however, the Committee regards such distinctions and exclusions as inimical to Parliamentary scrutiny of delegated legislation. Consequently, the Committee can not consider a lengthy debate with the Legal Advisers to the Privy Council Office over the true interpretation of the present statutory definition as productive of anything but more delay and confusion. The proper course is to amend the Statutory Instruments Act to afford a clear definition of a statutory instrument as a piece of subordinate legislation, with any exceptions, which will be the exceptions to Parliamentary scrutiny, being specifically and clearly enumerated.

35. Before the nature of any such new definition can be dealt with, several further problems flowing from the present Statutory Instruments Act must be noticed. As has been pointed out in paragraph 22, supra, the Act draws a distinction between a regulation and a statutory instrument, the former being a species of the latter. While a piece of legislation made under the Royal Prerogative, which is in no sense subordinate but rather original legislation, is a statutory instrument, it can not be a regulation, and, therefore, will not necessarily be registered or published. This is altogether unsatisfactory. The Royal Prerogative consists of those powers which the Common Law gives to the Crown. Amongst these Prerogative powers are those which relate to the Royal authority and rules having the force of law may be made under those powers within limits set by the Common Law, for example, rules relating to the issuing of passports. Where the matter within the royal authority is made the subject of statute, for example, the recruitment regulation of the civil service, Prerogative lapses to the extent that the subject matter is covered by statute. Thus, if a Passports Act were to be passed, the issuing of passports would cease to be a Prerogative matter and any regulations made under such a Passports Act would be regulations within the Statutory Instruments Act, whereas the current Passport Regulations now made under the Prerogative, are not regulations within the Statutory Instruments Act and need not be registered and published, although they have been as SOR/73-36.

The only statutory instrument which can be a regulation is one which

"(i) is made in the exercise of a legislative power conferred by or under an Act of Parliament, or

(ii) for the contravention of which a penalty, fine or imprisonment is prescribed by or under an Act of Parliament."—(12)

This definition too has caused the Committee trouble for, while it has so far proved easy enough to determine whether a "penalty, fine or imprisonment" is prescribed, the Committee has not been able to arrive at any clear meaning for the words "made in the exercise of a legislative power". (The Committee notes, however, that there may be difficulty in determining whether forfeiture of goods to the Crown, for example, is a "penalty" in terms of section 2(1)(b).) There appears to be a strand of thought that a statutory instrument has been made in the exercise of a legislative power if it is "legislative in effect". Yet this advances the matter but little and it is equally difficult to ascribe a specific meaning to the newer phrase as it is to the statutory one. In any concrete case it can, of course, be very difficult to decide whether an instrument is "legislative in effect". The Legal Advisers to the Privy Council Office appear to have concluded that at least the following types of statutory instruments are not legislative in effect and, in consequence, are not regulations, since no penalties, fines or imprisonment are prescribed for their contravention:

(a) Regional Development Incentives Designated Regions Orders, made under section 3 of the Regional Development Incentives Act (However, Special Areas Orders, made under section 6 of the Department of Regional Economic Expansion Act, which is identical in its substantive terms to section 3 of the Regional Development Incentives Act, are regarded as regulations.)

(b) Designated Areas Orders made pursuant to section 34.1(1)(a)(ii) of the National Housing Act as amended by 21-22 Eliz. II cap. 18, section 12.

(c) Proclamations issued pursuant to section 98(1) of the Indian Act proclaiming section 98(2) of the Act in force in specified Indian Reserves. (But compare proclamations made under section 4(2) of the same Act exempting Indian lands from portions of the Act, which are regarded as regulations.)

(d) Directives of the Commissioner of Penitentiaries (But compare Standing Orders of the Royal Canadian Mounted Police which are regulations. These two sets of statutory instruments are considered further infra paragraphs 38-40).

36. The words "made in the exercise of a legislative power" or "legislative in effect" take on a more serious dimension when they are applied to statutory instruments which are issued in the form of rules the primary purpose of which is to direct servants of the rule maker in the execution of their duties. Such rules may take the form of Guidelines, Circulars, Directives or Manuals. The official view, both at the time of the MacGuigan Report and now, is that such documents do not constitute legal rules, but merely instructions to the staff, for the breach of which staff members may, of course, be subject to disciplinary proceedings within the service in which they are employed. The fact that such Directives or Guidelines affect also non-employees, for example inmates in the case of Directives of the Commissioner of Penitentiaries or would-be immigrants in the case of Immigration Guidelines, seems to be ignored.

As the Statutory Instruments Act now stands, a set of Departmental Guidelines, Circulars, Directives, etc. will be regarded by the Privy Council Office as being a statutory instrument if the enabling Act says that such documents under their respective proper titles may or shall be issued (e.g. Directives of the Commissioner of Penitentiaries, Standing Orders of the R.C.M.P. Commissioner) but not otherwise. They will not be regarded as being regulations because they are considered to have no legislative effect (i.e., they do not constitute legal rules but simply instructions to the staff); and because they have no legislative effect they cannot be said to have been made in the exercise of a legislative power.

37. The Committee is not persuaded that the test of whether or not some document has been made in the exercise of a legislative power is necessarily that it has "legislative effect", whatever that phrase may mean. Nor is it persuaded that the fact that a document is in form, or in substance, an instruction to staff or to employees, means that no legal rules are made. It occurs to the Committee that an instruction which, if obeyed, is applied to the subject, or which, if breached, may lead to disciplinary proceedings against the member of the staff disobeying it, is just as much a legal rule as is a provision in the Race Track Supervision Regulations—(13) directed to jockey clubs.

38. Putting the foregoing factors into a specific context, the Committee believes that the Directives of the Commissioner of Penitentiaries constitute a statutory instrument and a regulation, and as a regulation the Directives, and each amendment to them, should be transmitted in draft to the Legal Advisers to the Privy Council Office, registered and published in the Gazette, unless properly exempted under section 27 of the Statutory Instruments Act by an amendment to the Statutory Instruments Regulations. The Committee holds this belief for the following reasons:

(1) The enabling power in section 29(3) of the Penitentiaries Act is identical in terms to section 21(2) of the Royal Canadian Mounted Police Act which empowers the Commissioner of the Royal Canadian Mounted Police to make "standing orders". Those Standing Orders are universally acknowledged, by the Commissioner, the Legal Adviser to the Privy Council Office and the Department of Justice to be regulations within the meaning of section 2(1)(b) of the Statutory Instruments Act. It is true that the Commissioner's Standing Orders are at present exempted from registration and publication by the Statutory Instruments Regulations, but that exempt status has been voluntarily surrendered by the Commissioner and Standing Orders will in the near future be dealt with fully as regulations under the Statutory Instruments Act, which necessarily means that they will be public documents unreservedly open to the public.

There is no dispute that, even on the very restrictive interpretation of section 2(1)(d)(i) of the Statutory Instruments Act adopted by the Legal Advisers to the Privy Council Office, the Commissioner's Directives are statutory instruments. Section 2(1)(b)(ii) of the Statutory Instruments Act provides that " 'regulation' means a statutory instrument . . . (ii) for the contravention of which a penalty, fine or imprisonment is prescribed by or under an Act of Parliament". Section 2.29(h) and (n) of the Penitentiary Service Regulations, made under section 29(1) of the Penitentiaries Act, provide that every inmate commits a disciplinary offence who

"(h) wilfully disobeys or fails to obey any regulation or rule governing the conduct of inmates;

(n) contravenes any rule, regulation or directive made under the Act."

Section 2.28 of the Penitentiary Service Regulations provides a code of penalties for the punishment of inmates convicted of disciplinary offences. Consequently, the test in section 2(1)(b)(ii) of the Statutory Instruments Act is satisfied.

(3) The Directives are made in the exercise of a legislative power conferred under an Act of Parliament (section 29(3) of the Penitentiaries Act) and are, consequently, regulations within the meaning of section 2(1)(b)(i) of the Statutory Instruments Act. The Committee considers the Directives to be as legislative in effect—the only test yet suggested to it for giving a meaning to the phrase "made in the exercise of a legislative power"—as the Regulations, and is confirmed in this view by the knowledge that provisions have been taken out of the Regulations in recent years only to be then included in the Directives. The Committee is aware of the decision of the Ontario Court of Appeal in Regina v.Institutional Head of Beaver Creek Correctional Camp, ex parte MacCaud (1969) 1 O.R. 373, but considers it irrelevant to the determination of whether instruments in general, or the Commissioner's Directives in particular, are "regulations"

within the meaning of the Statutory Instruments Act, 1972. The reasoning of the Court of Appeal as to the person to whom a penitentiary employee owes the duty of adhering to the Directives, whether the inmate or the Commissioner, and as to the absence of any effect of an institutional head's disciplinary actions upon the rights of an inmate as a person or upon his statutory rights as an inmate, being directed as such reasoning was to the issue of whether certiorari would go against the institutional head, is not germane to the interpretation of section 2(1)(d) or (b) of the Statutory Instruments Act.

39. The Committee has made its views known at length to the Penitentiary Service which has affirmed its position that the Commissioner's Directives are not regulations. The Committee understands that after the passing of the Statutory Instruments Act the Department of Justice gave a "ruling" that Commissioner's Directives were statutory instruments but not regulations. It is this ruling to which the Commissioner of Penitentiaries has adhered. The Committee observes that a so-called "ruling" of the Department of Justice is simply a legal opinion and is not a determination of any issue and, of course, binds neither the courts nor Parliament.

40. The Penitentiary Service has referred the Committee to a more recent case which concerns the status of Commissioner's Directives for the purpose of appeals under section 28 of the Federal Court Act: Martineau and Butters v. The Matsqui Institution Inmate Disciplinary Board.—(14) There is nothing in the majority judgment of the Federal Court of Appeal which indicates that the nature of Directives as instructions to penitentiary staff is relevant to the provisions of the Statutory Instruments Act, but again only to whether in exercising a disciplinary function, said to be an administrative one, there was in the circumstances a duty to act quasi-judicially. Although the Court of Appeal rejected an application for review under section 28 of the Federal Court Act, it did say, in the context of decisions taken under Commissioner's Directive 213:

> "... any such decision that operates to affect the rights of an individual must be a bona fide exercise of the powers vested in the Penitentiary authorities, and anything done otherwise would have no validity by virtue of the governing statute and regulations."

The Commissioner's Directive 213 was made by the Commissioner pursuant to statutory authority, binds the staff of the penitentiaries and affects the lives of inmates, and the powers conferred under it must be exercised bona fide. It strikes the Committee as strange that whether that bona fide exercise should be carried out quasi-judicially or not should be thought to determine whether or not the statutory power under which the Directive is made is a "legislative power" for the purposes of the Statutory Instruments Act.

41. Other features of the elaborate definition of a statutory instrument have been the occasion for remark. The effect of sub-paragraph (iv) is that Criminal Appeal Rules made under the Criminal Code by provincial Supreme Courts are not statutory instruments, but those made by the Courts of Appeal for the Yukon and Northwest Territories are both statutory instruments and regulations because those courts, although a Provincial Court of Appeal, are vested with jurisdiction by a statute of the Parliament of Canada.

42. Sub-paragraph (v) has assumed importance because of the vexed matter of Departmental Guidelines and Manuals, notably those of the Department of Manpower and Immigration. Sub-paragraph (v) excludes from the definition of a statutory instrument any instrument "whose contents are limited to advice or information intended only for use or assistance in the making of a decision or the determination of policy, or in the ascertainment of any matter necessarily incidental thereto". The Committee has not been able to form any definite view as to the meaning of these words and has come across no case in which an attempt has been made to exclude an instrument from the definition of a statutory instrument in reliance on this sub-paragraph. The Committee considers, without in any way being definite, that this provision might be thought to extend to the exclusion of Taxation Interpretation Bulletins and Departmental Procedure Manuals which contain no rules or substantive provisions other than those already contained in some statutory instrument. It has been a matter of some surprise, therefore, that the Committee has been met with the argument that Departmental Guidelines are excluded altogether from the definition of a statutory instrument, without need of reliance on the exclusion under paragraph (v). And why? Because the Guidelines have not been expressly authorized to be issued, made or established under that name. As appears from Appendix I, the Committee believes this to be an altogether erroneous test. The Committee considers that any Guideline or Manual which contains substantive rules not contained elsewhere in statutory instruments should be considered a statutory instrument and be subject to Parliamentary scrutiny and should not be excluded whether by the internal qualifications of the general definition of a statutory instrument, or by any express exclusion.

43. While some Departments, for example, the Departments of Regional Economic Expansion and National Revenue (Customs and Excise), have freely made their Guidelines available to the Committee, at least for the purpose of the Committee informing itself of the type of contents of such documents, the Department of Manpower and Immigration has refused to make available its Manual or Guidelines for Immigration Officers. Unless the Committee sees such a document it can not begin to assess whether the document is a statutory instrument on the present definition. The Statutory Instruments Act is clearly defective in that any Department can claim a document is not a statutory instrument and refuse to produce it. There must be some mechanism provided within the Act itself for a conclusive determination as to whether any particular document is a statutory instrument. The Committee notes that the British legislation provides for a Statutory Instruments Reference Committee for just this purpose.

44. Although the Committee has not seen the Immigration Guidelines, it has been given to understand by some who have seen portions of them that they do contain substantive rules, for example, a definition of the crime of moral turpitude, the commission of which is grounds for exclusion from Canada. Such rules should not be contained in secret documents. The Committee is also concerned about the application of section 58 of the Immigration Act to the Immigration Guidelines.

> "58. The Minister may make regulations, not inconsistent with this Act, respecting ... the duties and obligations of immigration officers and the methods and procedure for carrying out such duties and obligations whether in Canada or elsewhere."

If indeed the Guidelines do relate to the duties and obligations of immigration officers and the manner in which they carry them out, the Committee can not conceive that the Department can render them other than regulations and statutory instruments by insisting on calling them Guidelines and denying any connection with section 58 of the Immigration Act.

Until the Immigration Bill introduced in the present Session of Parliament is passed and the Regulations under it have been made and published the Committee will not be able to determine whether the practice of issuing and using secret Guidelines will continue or whether what is now thought to be contained in Guidelines will appear in the Regulations pursuant to the enabling powers contained in clause 115 of the Bill

45. It is appropriate to summarize the defects in the present Statutory Instruments Act.

(i) Despite the widespread belief to the contrary, there is no system "whereby all orders that have legislative effect are tabled here in Parliament, are automatically referred to the standing joint committee and are also published so the public can know what is being done".—(15) There is a system only for regulations and not for all statutory instruments, many of which are effectively hidden, are unpublished and are unknown even to the Parliamentary Committee to which they stand permanently referred.

(ii) The definition of a statutory instrument is obscure.

(iii) The definition of a "regulation" in terms of the exercise of a legislative power conferred by or under an Act of Parliament is equally obscure.

(iv) There is no provision for a body to give a definitive ruling on whether or not a document is a statutory instrument. There is a procedure by which the Department of Justice can determine whether or not a statutory instrument is a regulation, but this is open to the objection that the Parliamentary scrutiny committee is cut off from the decision.

46. What courses of reform of the Statutory Instruments Act are open?

One course would be to tinker with the present definition of a statutory instrument by attempting to clarify the wording of sub-paragraphs (i) and (v) of Section 2(1)(d) of the Statutory Instruments Act, and to give some particularity to the phrase "made in the exercise of a legislative power". The Committee does not conceive of such an undertaking being a success. The several parts of the present definition, whatever they may mean, are so intertwined that to meddle with small portions may well lead only to more problems or to the need for further clarifying amendments. Moreover, there would still remain the problem of the opening words of the definition, the catalogue of types of document which are said to be capable of being a statutory instrument. It is not proper, in the Committee's view, to tie the definition to any particular names or types of document.

A variant of this first course would be to abandon the text of the present definition but to retain its concept. The task would then be to isolate precisely the documents or classes of documents one wishes to see subject to parliamentary scrutiny, and those which one does not, drawing a definition of "statutory instrument" which will include the former but exclude the latter. While this may be logically possible, it would be an exercise difficult in the extreme and almost certain to involve unforeseen omissions and to cause confusion. The present section 2(1)(d) of the Statutory Instruments Act stands as an object lesson in this regard.

A second course would be to leave to the Queen-in-Parliament, in enacting any statute which confers any power of subordinate law making, the function of specifying whether or not the result of that law making will be subject to scrutiny. This is the approach of the United Kingdom Statutory Instruments Act as regards post-1947 legislation. If Parliament says the subordinate law making function is to be exercised "by statutory instrument" then parliamentary scrutiny of the subordinate legislation will follow. If Parliament omits the formula "by statutory instrument" then the subordinate legislation, while still remaining subordinate and open to attack in the courts, in appropriate circumstances, as ultra vires, would be removed from scrutiny. If this approach were to be adopted there would still be a serious problem in classifying the subordinate legislation which is already in existence and that which will be made in future under existing statutes in which, of course, the formula "by statutory instrument" does not appear. That this problem can be faced is evidenced by the United Kingdom legislation which dealt squarely with it. Yet, given the confusion caused by the existing section 2(1)(d) of the Statutory Instruments Act, it could not serve the purpose and would in any event have to be amended. Given that need, it might well be considered better to scrap the present scheme of definitions entirely and to use a different approach. (A detailed summary of the British definition appears in Appendix I.)

The third course, and the course which the Committee broadly favours, is to proceed along the lines originally recommended by the MacGuigan Committee and to have one class of document, broadly defined. This would remove the distinction between "regulations" and "statutory instruments"; it would subject all documents of the class to uniform procedures as to registration, publication and restriction on retroactive

effect; it would prevent the issue of whether or not a document is subject to Parliamentary scrutiny being thought to depend upon the use of a magic formula in an enabling Act whereby the particular name of the class or type which was to be issued was preceded by the preposition "by"; it would preclude the existence of a class of instruments, the number of which may be untold, which are unpublished and unregistered.

47. The MacGuigan Committee recommended—(16) the following definition of "regulation", the only classification of documents proposed, viz:

"'regulation' means

(i) a rule, order, regulation, directive, by-law, proclamation, or any other document made in the exercise of a legislative power conferred by or under an Act of Parliament;

(ii) a rule, order, regulation, directive, by-law, proclamation or any other document made in the exercise of a legislative power conferred by or under the prerogative rights of the Crown and having force of law;

(iii) a rule, order, regulation, directive, by-law, proclamation or any other document made in the exercise of a legislative power coming within sub-paragraphs (i) and (ii) and which has been subdelegated;

(iv) a rule, order, regulation, directive, by-law, proclamation or any other document for the contravention of which a penalty or fine or imprisonment is prescribed by or under an Act of Parliament;

but does not include a rule, order, regulation, directive, or by-law or any other document of a legislative character of a corporation incorporated by or under an Act of Parliament, which is not a Crown Corporation, unless such a rule, order, regulation, by-law or document comes within sub-paragraph (iv)."

The Committee observed:

"This definition casts the net as widely as is reasonably possible. All exercises of subordinate law-making power are covered (except those of private corporations) and, so that the matter is put beyond doubt, all regulations, etc. for the contravention of which penalties are prescribed, are also covered."

The Committee further noted that its suggested definition would bring within its sweep many departmental guidelines and directives. Whether or not this would always be the case the Committee recommended that all such departmental directives and guidelines be published and subjected to parliamentary scrutiny. Although narrower than the word "regulation" as defined in the Interpretation Act, (paragraph 49 infra and Appendix I) it might have included Departmental Guidelines and Circulars to the extent that they embodied substantive or procedural rules, for such rules can only be issued by warrant either of statute, or of the Prerogative as limited by statute and as defined by the common law. Neither the Crown nor its responsible advisers, either collectively or individually, have the power to make any rule otherwise than they are empowered either by statute or by the Prerogative, and no new offence can be created under the latter. (The Case of the Proclamations, 1610).—(16A)

This definition would, however, still be bedevilled by the use of the phrase "made in the exercise of a legislative power" and the distinction thereby imported, by the Crown's advisers, between rules of law binding the Crown's subjects and rules binding only the Crown's servants or agents. This distinction has been adverted to above. If it were maintained it might well mean that the MacGuigan definition would not include Departmental Guidelines, Circulars and Directives.

48. The Committee concludes, therefore, that the solution is to take the sum of law making, and of rule making, exercised by the Crown and its agencies and by any other delegate or sub-delegate of Parliament, whether made pursuant to a statute or to the Prerogative, and to declare the whole, in principle, subject to Parliamentary scrutiny. This would seem to be in keeping with constitutional principle and the desire of Parliament to exercise some supervision over the Crown's subordinate and prerogative law making activities. If then it were desired to exclude any documents or classes of documents from scrutiny, those documents or classes would have to be defined, and, since they would be exceptions, they would be narrowly construed, any ambiguity being resolved in favour of scrutiny and against exclusion. If need be, a statutory direction to this effect could be included in the legislation.

49. The execution of this plan would appear to be in conformity with the thrust of the Interpretation Act, which defines an "enactment" as "an Act or regulation or any portion of an Act or regulation" and a "regulation" as including

"an order, regulation, Order in Council, order prescribing regulations, rule, rule of court, form, tariff of costs or fees, letters patent, commission, warrant, proclamation, by-law, resolution or other instrument issued, made or established

(a) in the execution of a power conferred by or under the authority of an Act, or

(b) by or under the authority of the Governor in Council."

The Committee is aware that at the time the Statutory Instruments Bill was being considered in the Commons there were suggestions that, if the Bill were to prove successful after enactment, consideration would be given to amending the definitions of "enactment" and "regulation" in the Interpretation Act to accord with the definitions contained in Clause 2 of the Statutory Instruments Act. The Committee is, of course, now suggesting that the reverse pattern of amendment should be considered.

50. The Committee's proposal is predicated upon certain principles, some at least of which might not be regarded as non-controversial. It is only proper, therefore, that those principles should be stated.

(i) The Crown can only make rules, even rules binding its own servants, by dint of statutory authority or the Prerogative, including the prerogative right to operate the Civil

Service in the absence of any controlling legislation, provided all statutes and the common law are observed.

(ii) Ministers of the Crown possess no greater law or rule making functions than the Crown itself possesses, unless a power to make law or rules is specifically conferred upon a Minister eo nomine by statute.

(iii) Consequently, even ministerial guidelines or instructions are as important, from the point of view of Parliamentary scrutiny of the Crown's law and rule making functions, as Orders in Council, ministerial regulations and the rest.

(iv) The Committee desires that, in principle, all subordinate law and rules made by the Crown and by those put in authority under the Crown, or by any other delegate or sub-delegate of Parliament, should be subject to Parliamentary supervision, unless specifically excluded.

(v) Any exceptions from such supervision should be made explicitly and be justified on some compelling grounds. (For examples of what may be considered as justifiable exclusion on such grounds see section 21 of the Statutory Instruments Regulations (reproduced as Appendix II to this Report).

(vi) All subordinate laws and rules should, unless again there are compelling reasons to the contrary, be registered centrally and published.

(vii) All subordinate laws and rules should, unless compelling reasons to the contrary are made out and exceptions are specifically provided for, be subject to the same general and statutory rules governing registration, publication, the time limits in which both must take place, and the possibility of retroactive effect.

51. As a final quirk of the Statutory Instruments Act, there stands the definition of a "regulation-making authority" which is stated in section 2(1)(c) of the Act to mean:

"any authority authorized to make regulations and, with reference to any particular regulation or proposed regulation, means the authority that made or proposes to make the regulation."

This clearly means that in respect of regulations which are authorized to be made by the Governor in Council, the regulation-making authority is the Governor in Council both in respect of regulations he has made and proposes to make, as for instance under the Motor Vehicle Safety Act, which provides for proposals for regulations to be published so that interested groups may make representations. Only after those representations have been considered may the regulations themselves be made.

Section 3(1) of the Statutory Instruments Act, however, provides that where a "regulation-making authority" proposes to make a regulation it shall cause to be forwarded to the Clerk of the Privy Council three copies of the proposed regulation in both official languages". It is plainly nonsense to interpret this as meaning that the Governor in Council shall forward three copies to his Clerk. And in fact the section is not interpreted or applied in that way at all. It is the Department of State or other governmental agency, upon whose behalf a Member of the Privy Council will recommend the regulations to the Governor in Council, which is considered to be the regulation-making authority and which sends in three copies of its "proposed regulations" for scrutiny by the Legal Advisers to the Privy Council Office.

52. Turning next to section 9(2) of the Statutory Instruments Act, the phrase "regulation-making authority" is used again, this time in the context of the coming into force of regulations (not statutory instruments). Section 9(1) provides for an exception to the rule that a regulation shall not come into force on a day earlier than the day on which it is registered. It may do so if it expressly states that it comes into force on a day earlier than the day of registration and if it is registered within seven days after it is made (usually the date of the passing of the requisite Order in Council). Subsection 9(2) provides that if this exception is made use of "the regulation-making authority shall advise the Clerk of the Privy Council in writing of the reasons why it is not practical for the regulation to come into force on the day on which it is registered". Again, it would seem nonsensical to suggest that the Governor in Council should so advise his own servant, the Clerk.

In applying section 9(2) it has likewise been assumed in practice that the "regulation-making authority", in the case of a regulation made by the Governor in Council on the recommendation of a Minister of the Crown, is that Minister's Department or Ministry, that is to say, the Department of Ministry which proposed the draft regulation which, after scrutiny by the Legal Advisers to the Privy Council Office, became the basis of the recommendation to His Excellency in Council. To construe the provision otherwise would lead to the absurd result that the Governor in Council must advise his own servant, the Clerk, in writing as to the reasons why it was not practical for the regulation to come into force on the day on which it is registered, knowledge of which reasons would in any event be peculiar to the Ministry or Department concerned and be unknown to His Excellency in Council unless he were advised of them. Again, this is reflected in actual practice and the Assistant Clerk of the Privy Council always demands reasons from Departments and authorities which have inserted effective dates in regulations earlier than the day on which registration can be accomplished. The Committee understands that the Assistant Clerk is often dissatisfied with the reasons given and strikes out the earlier effective date before the draft regulation is submitted to the Council.

53. The Committee considers that it should be entitled to know why any particular regulation had to come into force before it was registered. This is important as it is an exception to a fundamental rule which itself is not above criticism in that it causes regulations to come into force before they are published. However, refuge has been taken in the definition of "regulation-making authority", and the information has either been given in the most general and therefore uninformative terms, or refused on the ground that the Governor in Council can not be required to give reasons for causing a regulation to come into effect before registration.

54. The Committee considers that the words "regulation-making authority" should be re-defined to make clear that in respect of regulations made by the Governor in Council they mean the Department, Ministry or other body which recommends the draft Order to the Governor in Council. It will be necessary also to provide that reasons furnished under section 9(2) should be made available to the Committee, for otherwise as included in a submission to the Governor in Council they could be regarded as a secret matter within the confidence of the Privy Council. The amendment would also remove the Clerk of the Council from the untenable and improper position of requiring written reasons from the Council. The Committee understands that this approach is not now opposed in principle by the Privy Council Office.

55. It was only to be expected that in the drafting of the bill for an Act which marked an entirely new departure in Canadian law, there would be at least one omission. Section 32 of the Statutory Instruments Act provided that any regulation made before the passing of the Act, which was not published in the Canada Gazette and which is of a type which would not be exempted from publication if made after the commencement of the Act, would cease to have effect on lst January 1973 unless transmitted to the Clerk of the Privy Council, who was then bound to register it. There is, however, no provision in section 32 requiring the publication of such regulations when registered. The Committee can not believe that this omission was other than accidental.

One of the largest single groups of regulations required to be registered, but not published, under section 32, consists of the Regulations of the Royal Canadian Mounted Police. The Commissioner has volunteered the Regulations for publication but they have not appeared in the Canada Gazette.

When once a new consolidation of regulations appears the problem will disappear. Yet the consolidation may be delayed and there may well be statutory instruments registered under section 32 which will not be included in the consolidation. Therefore, the Committee believes that all the statutory instruments registered under section 32 should now be published and, if legislative authority is necessary, the Statutory Instruments Act should be amended accordingly.

F.—MATTERS RELATING TO THE FORM OF STATUTORY INSTRUMENTS

56. The Committee has consistently maintained from its inception that the enabling authority for subordinate legislation should be clearly and adequately identified to the end that ordinary folk may know whence comes the power to make the manifold rules which affect them. It is not enough that the identification of enabling authority should be a skill known only to competent lawyers versed in both the ways of the Canada Gazette and of the hundreds of enabling statutes. Similarly, the Committee has not thought it unreasonable that departments of state and regulation-making authorities which must surely be presumed to know the precise authority on which they rely, and its actual place of publication, should disclose this information on the face of regulations and other statutory instruments as they appear in public form, whether in the Canada Gazette Part II or in office copies available in some limited number of cases through the successors of the Government of Canada Bookstores.

57. Consequently, the Committee has insisted on the recital of the precise section or sections of enabling statutes which are relied upon for the authority to make a particular regulation or statutory instrument. This requirement extends to reciting the substantive provisions of statutes which are utilized under cover of such general enabling powers as "... may make regulations prescribing anything which by this Act may be prescribed". It also includes the identification of chains of authority as where the Treasury Board is authorized by or under section 5(2) of the Financial Administration Act to act in the stead of the Governor in Council for the purpose of making regulations under the several Superannuation Acts or under such provisions of any other Acts as specified by the Governor in Council which relate to matters specified in section 5(1) of the Financial Administration Act.

58. The Committee is happy to report that clear identification of relevant sections of enabling statutes is now all but universally made by all departments and authorities. The Committee regrets that the Honourable the Treasury Board has adopted the new practice only intermittently.

59. The Committee has also required the disclosure of both primary and intermediate enabling authority. The Aeronautics Act, section 6(2), for example empowers the Governor in Council to approve of regulations made by the Minister authorizing the Minister to make Orders or directions with respect to such matters coming within section 6 as the regulations may prescribe. This power has been exercised in section 104 of the Air Regulations. The Committee's view is that both the enabling section in the Act (section 6) and the enabling section of the Air Regulations (section 104) must be recited in any Order made by the Minister. This requirement is now almost always met by departments and other authorities

60. In other matters relating to the form of statutory instruments the Committee has not been successful in achieving improvements. The form of a statutory instrument is not at present prescribed or regulated except in the case of those instruments which take the form of Orders in Council, which include the bulk of the "regulations" as defined in the Statutory Instruments Act. The Clerk of the Privy Council has laid down guidelines for the form of recommendations to the Governor in Council. In addition, the officers of the Privy Council Office responsible for Part II of the Canada Gazette follow certain rules which affect the format of statutory instruments as published in the Gazette as also the information which those instruments disclose about the authority for their making, the prior state of the principal instrument about to be amended, and the place of publication of any other instrument referred to in the new instrument. The Legal Advisers to the Privy Council Office, who are officers of the Department of Justice, do not see themselves as having the power to force

changes as to form on either departments or the Privy Council Office. It is said that the actual form of the content of an instrument is beyond the Legal Advisers' purview, and that the form is often settled after the draft of the contents has been scrutinized by them. The Committee, however, cognizant of the great influence, if not power, of the Department of Justice in all matters pertaining to statutory instruments, is not convinced that the further changes it desires could not readily be brought about if the Department so wished. Certainly it is clear that with respect to statutory instruments made by Order in Council the Clerk of the Privy Council can insist on changes in format, including the disclosure of the information just mentioned.

61. The Committee considers the present position deficient in several respects. The first relates to the giving of references, either by footnotes or direct mention in the text, to all the enabling authority, and to all instruments mentioned in a statutory instrument. The Committee believes that the most convenient method is the use of the footnote to show the place and date of publication and the registration number, if one exists. The former Registrar of Statutory Instruments at the Privy Council Office undertook to provide footnote references only for those instruments which can not be traced by reference to the Index to Part II of the Canada Gazette. (These are usually Orders in Council which were not regarded as regulations under the old Regulations Act or have not been regarded as statutory instruments after 1972 under the Statutory Instruments Act). The Committee does not accept that the subject must have access to and know how to use the Index to Part II of the Canada Gazette before he can ascertain the reference to another instrument mentioned in a statutory instrument. This knowledge is peculiarly within the competence of the departmental officials who draft statutory instruments and of the officers of the Registry of Statutory Instruments who are expert in the use of the Index. Consequently, the Committee believes that the trifling expense involved should be incurred so that footnote references are given for the Ontario Milk Order, for example, which is the intermediate enabling authority for numerous regulations made ultimately under the Agricultural Products Marketing Act. The newly appointed Assistant Clerk of the Privy Council (Orders in Council) and Registrar have agreed to review their Office's position.

62. Similarly, the Committee believes that where an enabling power in a statute has been amended since the last Revision of Statutes (1970) the preamble to the statutory instrument made in reliance on that power should recite not only the relevant section number or numbers and the name of the Act but also the reference to any amending statute which has amended that enabling power. The Committee is aware that in terms of section 32 of the Interpretation Act it is legally sufficient to recite only the name of the statute, leaving the subject to hunt for any relevant amendments in the Index to Part III of the Canada Gazette. But the Committee does not regard legal sufficiency as the relevant consideration. The Committee wishes statutory instruments, on their face, to be as comprehensible and self-contained and to reveal as much information about themselves as is possible. The governing consideration in the Committee's view is not whether a lawyer, or one well versed in the art of statutory instruments, will find all the relevant material he needs in the several indices and parts of the Gazette, but whether the layman will be able to identify not only all the relevant documents but their place of publication also.

63. The Principal Legal Adviser to the Privy Council Office has offered to suggest to the Registrar of Statutory Instruments that when next the guidelines for submission of recommendations to the Governor in Council are revised he might insert a provision that reference be given to any statute which amends an enabling power and which is subsequent to the then latest Index to Part III of the Gazette. The Committee can not regard this proposal as acceptable. First, it is merely an offer to suggest. Secondly, the guidelines, even if amended as suggested, relate only to Orders in Council and not to any other statutory instruments. Thirdly, it is still predicated upon the availabiity of the Index to Part III of the Canada Gazette to ordinary folk and the assumption that they will know how to use it. The Committee can not accept either assumption and notes the difficulties its own counsel have faced from time to time in procuring copies on a regular basis of the Canada Gazettes, whether Parts II or III, and the relevant indices.

64. In conformity with its view that a published statutory instrument should be as complete in its form as possible the Committee has requested that a different method be adopted of referring to the existing text of a statutory instrument in an amending instrument. The present practice is to give a footnote reference to the registration date and place of publication of the original statutory instrument and of the last amendment, whether or not that last amendment is relevant to that part of the statutory instrument to be amended. The problem posed, even to experienced legal practitioners and government officers, in ascertaining the present text of any statutory instrument, or of any part of it, can be immense as the last consolidation of the Regulations was in 1955 and even statutory instruments made well after that date may have been amended many times. The former Registrar of Statutory Instruments advised the Committee that it is up to the subject, in attempting to identify the present text of say section 4 of a particular instrument which is now to be amended to have resort to the Index to Part II of the Canada Gazette and to check every single amendment there listed to see which ones, if any, amended section 4. The reference to the latest amendment is given simply to put the subject on notice of the latest amendment to the entire instrument, whether relevant to section 4 or not, so that he can tell whether there is an amendment in existence published since the last quarterly index to the Gazette. The then Registrar, together with the then Assistant Clerk of the Privy Council, declined to make any change in policy (despite the Committee's repeated representations) citing expense and shortage of labour.

65. The Committee finds this position totally unacceptable. Its view, put simply, is that the footnotes to an amending statutory instrument should disclose all the relevant amendments to the statutory instrument as originally made. Yet, only amendments relevant to the text now to be amended should be cited. If the last was in 1971, it should be the last one referred to. If the particular text is being amended for the first time, there should be no reference to amendments and the footnote to the words "as amended" should so state. Consequently, where there is a reference in an instrument to an earlier instrument which has been amended by one or more other instruments, the words "as amended" should be used as at present and there should be a footnote to those words on the following lines:

(i) If all the amendments are relevant to the matters dealt with in the new instrument, then they are all to be mentioned in the footnote

(ii) If not all of them are so relevant, then the footnote should read: "The relevant amending (regulation(s)) (instrument(s)) is(are) . . ."

(iii) If there is no relevant amendment, the footnote should read:

"The amending (regulations) (statutory instruments) are not relevant to the subject matter of this Order, regulation . . ."

OR

"There is no amendment which relates expressly to the subject matter of this regulation."

To give an illustration in an hypothetical case, if it were proposed to amend section 3 of the Swine Fever Control Regulations, the amending regulation might read, in part:

". . . the Swine Fever Control Regulations—(1), as amended—(2). . ."

(1) C 1955, 1216.

(2) The relevant amending regulations are SOR/67-237, SOR/72-417 and SOR/75-616

66. Again the Commitee believes that the subject should not be forced to juggle with indices and with numerous amendments, in some instances running literally into hundreds. The knowledge of the relevant amendment(s) must exist, otherwise departments would not know what they were amending and how the projected amendment would alter the law. This knowledge may not now be shared with the Registrar or the Privy Council Office, but the Committee can not see why departments and other regulation-making authorities should not be required to divulge it to the Registrar who could then insert the requisite footnotes at the added expense of a little more type-setting. The Committtee is anxious to enlist the co-operation of the Privy Council Office and realizes that the information it wishes to be given does not lie within the power of that Office, but of departments and authorities which should provide it when the draft Orders are forwarded for transmission to Council or when other statutory instruments are transmitted for registration. The Committee appreciates the fact that the present Registrar and Assistant Clerk of the Council are anxious to co-operate with the Committee and are reviewing their Office's position.

67. The Committee has also pressed upon the Privy Council Office its view that statutory instruments, and especially amending instruments, should be accompanied by Explanatory Notes. Such a Note is particularly desirable when, although the instrument may appear to be self-explanatory, the Note might help to avoid the necessity for reference to other instruments as, for example, when another instrument is being amended, and the effect of the previous instrument or the effect of the amendment, or both, are not apparent from the text. In such a case the Explanatory Note should describe the subject matter dealt with by the provisions amended in such a way as to indicate the point of the amendment. The Committee realizes that Explanatory Notes could not be argumentative, and could never seek to explain or to justify policy or, above all, purport to construe the law. But they could be used with great effect to describe simply what is to be done in a purely informative way. The object should be to help the reader who, the Committee again emphasizes, may not be an experienced civil servant or lawyer, to appreciate the object of the new subordinate legislation without unnecessary difficulty or research. The full effect of a legislative instrument often cannot be grasped without careful study. It is not always easy to see from the instrument itself whether it is of sufficient importance or interest to make such a study desirable. The Explanatory Note would guide the reader on that point. The test to be applied should be the point of view of a reader who is not familiar with the existing law on the subject, rather than that of the official administering the law. The Explanatory Note could also be used to indicate if an instrument is to have retroactive effect and the authority in the enabling statute for such retroactive operation. Without such authority, the validity of the provision will be in doubt and that point at least could be removed from the areas an interested reader must research.

68. Explanatory Notes of the type desired are published in the United Kingdom. They are made available to the Senate Committee on Regulations and Ordinances of the Commonwealth of Australia, but are not published. The Committee is aware that at least the rudiments of the material necessary for the drafting of Explanatory Notes are already required to be submitted in recommendations to the Governor in Council for statutory instruments made by that authority. The explanatory material now contained in recommendations to the Governor in Council has been withheld from the Committee on the grounds that it lies within the confidence of the Privy Council. The Committee can not see why the information should not be made public and the requirements extended to all statutory instruments, whether made by the Governor in Council or not. Again, the information lies peculiarly within the power of departments and authorities who propose statutory instruments to the Governor in Council and the Privy Council Office could not itself prepare the desired Explanatory Notes. However, it could be made a requirement that every recommendation to the Governor in Council should be accompanied by just

such an Explanatory Note as the Committee desires. The requirement of the provision of an Explanatory Note should also be extended to all statutory instruments registered by the Privy Council Office.

69. The Committee understands that in the near future, perhaps even in 1977, a new Consolidation of the Regulations of Canada will appear, the first for over twenty years. The Committee believes that, even if its recommendations can not be implemented immediately because of administrative difficulty in dealing with so many existing amendments to statutory instruments, the issuing of the Consolidation provides a golden opportunity to introduce new ideas in dealing with the form and style of the new and amending instruments made after the date of the Consolidation. The Committee would regard the neglecting of that opportunity as a cause for grave concern. Yet a reasonable delay in implementing the Committee's suggestions will allow the Privy Council Office the time and the opportunity to undertake what will be a formidable task in explaining the new requirements to officers in departments and authorities who are, quite naturally, used to the present arrangements.

G.—THE WITHHOLDING OF INFORMATION FROM THE COMMITTEE

70. The Committee, having considered a particular statutory instrument and concluded that it is questionable as apparently infringing any one or more of the criteria, feels obliged to afford to any department or regulation-making authority concerned in the making or implementation of the instrument the opportunity of furnishing an oral or written explanation in the light of which the Committee may well realize that its concerns were groundless, or may suggest to the department or authority that the instrument be amended, or report that the special attention of the Houses should be drawn to the instrument. The Committee considers that natural justice, not to mention common sense, dictates such a course of action.

71. Anxious though the Committee has been to elicit departmental and official explanations of the text or the manner of operation of instruments, it has in many instances been thwarted in this essential step in its proceedings. Almost all Designated Instruments Officers who are also legal officers are in fact officers of the Department of Justice and feel constrained, by the expressed views of the Deputy Minister of Justice, to refuse to afford to the Committee any explanation or information which they consider would involve them in the expression of legal opinions. The position taken by these officers, governing themselves by their Deputy Minister's views later supported by the present Minister of Justice, seriously hampers the Committee in any consideration of the vires of any instrument and severely restricts or impedes scrutiny in any case in which any legal matter arises for consideration. These other cases include those in which the Committee regards some of the wording of an instrument as ambiguous, or obscure, or as conveying a meaning at odds with the intent of Parliament in the enabling Act, or with the balance of the instrument. Instruments suffering from such apparent defects can not be assessed properly if departments refuse to give a view as to the meaning of the words—something they must have formed in any event in order to administer the instrument—or refuse even to say whether in their view the wording is clear and unambiguous, for particular reasons, or obscure and in need of justification. The Committee does not accept that criterion 13 approved by both Houses is to be ignored and that questionable wording is to stand until some hapless litigant becomes the cause of a judicial interpretation of the wording.

72. The problem of the withholding of "legal opinions" arises in a particularly acute form when the Committee asks for a particular instrument to be produced for its scrutiny only to be told that the instrument is not a statutory instrument. When the Committee asks why the instrument is not a statutory instrument it is merely told either that to say why would be the expression of a legal opinion or that the Department of Justice has given an opinion on the matter which can not be divulged.

73. The Committee wishes to emphasize that in asking for explanations which may involve the expression of legal reasoning and conclusions it is not seeking to invade the Crown's confidence or to cause untold difficulty. On the contrary, the Committee merely wishes to afford to departments the opportunity of showing that the Committee is wrong in its tentative invocation of one or more of its criteria in relation to a particular instrument. It simply wishes to give departments the right to demonstrate that a particular instrument is not a statutory instrument. And all by reasoned argument, and not by mere assertion or reliance on a secret opinion given by some officer of the Department of Justice at some point in the past.

74. It is to be noted that the difficulties encountered by the Committee have not arisen where the Designated Instruments Officer is a departmental official and not an officer of the Department of Justice. To date, complete explanations, including legal reasoning, have been forthcoming from these departmental officers who apparently obtain the legal portion of their explanations from the Department of Justice officers in their departments. The Committee is aware, however, that at any time such legal explanations might become inaccessible, either to the departmental Instruments Officer, or to the Committee.

75. The Committee has enquired into the practice of scrutiny committees in the United Kingdom and in the Commonwealth of Australia. While appreciating that overseas practice is not a sure guide in a Canadian parliamentary setting, the Committee notes that statements of legal reasons and, on occasion, even opinions of the law officers are made available in both the United Kingdom and Australia by Departments and authorities responsible for statutory instruments or regulations questioned by the scrutiny committees.

76. The impasse reached by November 1976 can best be explained in point form.

A.—Instruments the Committee sees

(i) The Committee could simply take its own Counsel's opinion as to vires, drafting or any other legal point, and, if it concurred, report accordingly to the two Houses, if it considered any provision ultra vires, obscure, ambiguous, etc. without even asking the opinion of the legal officers in the departments or authorities. The Committee considers this course inadvisable and likely to involve it in reporting matters to the Houses which turn out to be quite proper, since neither the Committee's members nor its counsel are infallible. The Committee would then appear foolish and would in short measure become either discredited, or over-cautious.

(ii) The Committee could ask for the opinion of outside counsel. This course would be expensive and would get the Committee very little further ahead, if at all. Faced with the opinion of the Committee and its counsel, even fortified by a concurring opinion from outside counsel, the Department of Justice officers could still refuse to explain anything leaving the Committee to report to the Houses as above, the Government continuing to abide by the Department of Justice's view. The same result would, of course, follow if opinions were sought from the Law Clerks to the two Houses.

(iii) If the Committee makes a series of reports on cases it sees as being infringements of one of the criteria and in which some legal point is involved, it will produce a great deal of paper, and demand a great deal of parliamentary time. If it submits a single report detailing a long list of questionable instruments, a great deal of harm to the public interest may take place while the list is accumulating. And even if the parliamentary time is made available for dealing with a large report, instance by instance, the Government may still simply assert that the Department of Justice advises, for reasons unspecified, that the Committee's objections are unfounded.

B. Instruments the Committee does not see

(i) These are of two kinds: unpublished statutory instruments (or those published but unknown to the Committee) and documents which the Department of Justice considers are not statutory instruments and hence beyond the Committee's purview.

(ii) To any of the unpublished statutory instruments or to any that are published but in forms and places other than the Canada Gazette, and which actually get before the Committee, the points made under A, above, apply.

(iii) The most serious problem, however, is to get the documents where the Committee's right of scrutiny is denied by the Government on the ground that they are not statutory instruments. The Committee may want to see these documents, in order to decide whether, in its opinion, they are statutory instruments.

(iv) It requests production. The legal officer of the department or authority refuses. The Committee asks why. He says that the document is not a statutory instrument, but that he can not demonstrate this or give the reasons for his assertion because to do so would be to give a "legal opinion", that is to say, the application of section 2(1)(d) of the Statutory Instruments Act to the document in question. Or, alternatively, he may say that the Department of Justice has given an opinion, which the Committee may not see, that the document in question is not a statutory instrument.

(v) The Committee asks why it may not see the Department of Justice's opinion, or why the officer may not show that the document lies outside the scope of section 2(1)(d) of the Statutory Instruments Act. The officer refers to the Deputy Minister of Justice's views on the role of the Department of Justice which preclude the divulging of such information to the Committee.

(vi) The Committee, not being able to see the document for itself and being given no reasons, is utterly thwarted. Reference to outside counsel or to the Law Clerks is useless because the Department of Justice must surely not afford to them what it has withheld from the Committee.

(vii) A report to the two Houses is impracticable on a document the Committee has not seen and in respect of which the Government relies on an undisclosed opinion of the Department of Justice.

77. The Committee had by November 1976 reached the position in which its scrutiny of a number of documents—(16B) which appeared to it as questionable in some one or more particulars, or as possibly constituting statutory instruments, was hampered by the actions of officers of the Department of Justice in declining to afford to the Committee what they considered to be "legal opinions" in response to requests by the Committee for information and reasons. In two instances—Immigration Guidelines and Divisional Instructions and Standing Orders of the Penitentiary Service—the Committee had been informed that these classes of documents were not statutory instruments, but had not seen the documents in question and could form no opinion as to their status for the purposes of the Statutory Instruments Act.

78. The Committee formed the view that all Instruments Officers who are officers of the Department of Justice should be replaced by departmental officers. The Committee regards it as essential that it be given complete explanations, including detailed reasons to support the position taken by the Department as to why any particular document is not a statutory instrument, that all documents the legal status of which is in doubt be produced to the Committee and that either the Committee itself, or some other body patterned on the Statutory Instruments Reference Committee at Westminster, be empowered to issue a definitive ruling as to whether any particular document or class of document is or is not a statutory instrument or statutory instruments.

79. The Minister of Justice and his Deputy Minister appeared before the Committee on 18th November 1976. Members of the Committee were at pains to make clear that they were not seeking the release of confidential legal opinions already given by Department of Justice officers, but rather the Committee wanted to be told the reasons which lay behind any assertion that a statutory instrument was intra vires, proper or

clear and unambiguous in the same way that lawyers on behalf of their clients give grounds or reasons to support legal positions taken by their clients. The Minister undertook to have the existing instances of refusals of information by legal officers reviewed by a senior officer of the Department of Justice. The results of that review have in part been given to the Committee which has them under advisement as at the date of this Report.

80. By letter addressed to the Committee's Joint Chairmen on 13th January 1977 the Minister of Justice wrote:

"In discussing this matter with yourselves and the Committee, my mind has generally focussed on the narrow issue of the tabling of legal advice given by my Department to the Government. But my officials and I have considered more generally some of the difficulties which I understand the Committee is experiencing and as a result I have recommended to my colleagues in Cabinet a system which I believe is practical and will result in the Committee obtaining more complete information when it has questions related to statutory instruments.

I have proposed that departments and agencies nominate a senior official, perhaps at the deputy-minister level, to whom request for explanations concerning statutory instruments would be directed. This official would then provide the requested explanations having regard to the department's policy and legal position. Naturally, in many cases there will be consultation between the department concerned and the Department of Justice. It must, however, be understood that the explanations provided, including any explanation as to the legality of the instrument, would be the sole responsibility of the responding department and that legal advice given to those departments by the Department of Justice will not be disclosed. It is my hope that this system will provide for responses that will allow the Committee to perform its important function, while preserving the confidentiality of lawyer-client communications. This proposal has now been approved by my colleagues and steps are being taken to have it implemented in the very near future."—(16C)

This would be a substantial improvement on the position faced by the Committee in the past. The Committee trusts that, as a result of the foregoing proposals, its difficulties in eliciting reasons to support the positions taken by Departments will now disappear.

H.—SUB-DELEGATION OF RULE-MAKING POWER

81. The principle of delegatus non potest delegare (a delegate cannot delegate) is fundamental to our law. It was with surprise that the Committee discovered that sub-delegation of rule-making power was achieved by statutory instrument and that the Department of Justice considered the practice quite proper even in the absence of statutory provision authorizing a delegate to sub-delegate his rule-making power.

82. The Department of Justice's view has been expressed by Professor Elmer Driedger, Q.C., sometime Deputy Minister of Justice, in several of his works—(17) which have been of great assistance to the Committee and its counsel.

"The result would appear to be that there is no rule or presumption for or against sub-delegation, and that in each case it is a question of interpretation of the language of the particular statute."—(18)

The Committee has no quarrel with the latter part of this statement if it means that sub-delegation is permissible if and only if the enabling act authorizes it expressly or by necessary intendment. The Committee can not accept, however, that there is no presumption against sub-delegation of rule-making power for it can not accept that the one authority relied on, The Chemicals Reference,—(19) is not confined to its own particular facts, in its own particular and exceptional time and circumstances and under its own exceptional statute, the War Measures Act. The Committee is satisfied by reference to Attorney General for Canada v. Brent—(20) and other relevant cases and authorities—(21) that the law is not neutral on the matter of sub-delegation, but that on the contrary it is only lawful if, and is therefore presumed to be unlawful unless, the enabling statute authorizes it expressly or by necessary intendment. The Committee cites as an example of necessary intendment the Canada Labour Standards Regulations—(22), section 19(5), which sub-delegate power to the Minister to act by Ministerial Order. The authority for the sub-delegation, while not express, flows from the conjoint operation of sections 58, 59.1(1)(d) and 74 of the Canada Labour Code. Such inferred powers to sub-delegate are to be deprecated and the Committee believes that such powers should be conferred expressly in enabling Acts.

83. The Committee realizes that this issue may one day come before the courts once again, but whatever the outcome of that litigation may be, the Committee will continue to scrutinize all sub-delegations of rule-making power in statutory instruments, not only to ensure that any such are intra vires the enabling statutes but also to ensure that they do not amount to an unusual or unexpected use of the subordinate law making power conferred by Parliament, or otherwise infringe any other of the Committee's criteria.

84. The Committee is aware that it is also considered in some quarters that an enabling power cast in terms of subject matter and introduced by the words "respecting", "in respect of", "in relation to" carries with it the power to sub-delegate.

"The distinction between purposes or subjects, on the one hand, and specific powers on the other, is also relevant in relation to sub-delegation. For example, if a minister had power to make regulations respecting tariffs and tolls he could probably authorize some other person to fix a tariff or toll; such a regulation would clearly be one respecting tariffs or tolls. But if the minister's authority is to make regulations prescribing tariffs and tolls then the minister must himself prescribe, because he is the only one who possesses the power. A regulation purporting to confer this power on another is not a regulation prescribing tariffs and tolls."—(23)

The Committee can not accept this ascription of such power to the word "respecting" or to enabling powers cast in terms of subjects and purposes. The Committee notes that it was precisely such a subject power introduced by the word "respecting" which the Supreme Court of Canada held in Attorney General for Canada v. Brent gave the Governor in Council no power to sub-delegate power to a Special Inquiry Officer. Further, the Committee views the attempt to give to a delegate under an enabling power cast in terms of subject matter an automatic right to sub-delegate as simply another attempt to subvert the most fundamental proposition of all, namely that subordinate legislation is subordinate. The delegate of law-making power, whether he be a Minister, a Commissioner or the Governor General in Council, is a subordinate law-making authority and is not in the same position with respect to the subject matter named as is Parliament.

I. THE LANGUAGE OF DELEGATION

85. It is a principle of our constitution that whatever laws are passed by Parliament are binding, as the law of the land. But it is also a principle of our constitution that no one may be deprived of his liberty or of his rights except in due course of law. In the absence of a common law or a statutory authority, a subject can not be deprived of rights by an executive act of the Governor in Council and if the Governor in Council claims to have made a regulation entitling himself or some other subordinate, for example a Minister or a Regional Director, to interfere with that subject's rights, the Courts will in turn interfere to stop the Minister, the Governor in Council or the Regional Director, unless he can show by what authority, statutory or otherwise, he has made the regulation in question.

The Committee is, therefore, of the view that in order to safeguard the second of the principles just mentioned, the precise limits of the law-making power which Parliament intends to confer on the Governor in Council or on any other delegate should always be defined in clear language by the statute which confers it.

86. It is unfortunately the case that many statutes of Canada do not on their face define clearly the extent of subordinate law-making power. And the problem is compounded by the views held by the Crown's lawyers and the parliamentary draftsmen of the effect of certain words or formulae when used in sections in Acts conferring subordinate law-making power.

87. The Crown's views were last put publicly in a submission by the Privy Council Office to the Special Committee on Statutory Instruments—(24) (the MacGuigan Committee). Those views are so important as to justify their quotation in extenso. (In the quotation which follows, "r.m.a" means regulation making authority)

"1. Forms of Grant

There are three distinct major forms:

(1) Power to make a particular regulation as described in the Act;

(2) Power to make regulations for a specified purpose;

(3) Power to make regulations in relation to a subject-matter.

Forms 2 and 3 are recognized (with slight difference in name only) in the Nolan case (P.C.). Form 1 is added to complete the picture.

There may also be combinations and fusions of these three distinct forms.

2. Particular Regulation

This is a power to make a regulation the nature and content of which is described in considerable detail by Parliament itself. Thus, a regulation "to prohibit the import of used automobiles" leaves virtually no elbow room. The r.m.a., and only he, can do just that; nothing more.

The characteristics of this form of power are that in the normal case it is tightly limited and the terms of the regulation are predictable. There can seldom be any surprises.

The Public Service Superannuation Act is a good example of powers of this class.

3. Specified Purposes

In this form the power given is to make regulations for the attainment of certain objectives or purposes. This is considerably wider than Form 1. The extent of the power depends on the statement of purposes.

The purposes may be governed by the "intent of the Act". Thus, the power may be to make regulations "for carrying the purposes and provisions of this Act into effect", or it may be for certain stated purposes that are clearly ancillary or subordinate to the "intent of the Act" as revealed by the other provisions in the Act. In both these cases, there is a degree of legislative control, enforceable by the courts. The courts can ascertain the "intention of Parliament" from the terms of the Act as a whole, and can say whether the regulation is or is not for the stated purpose. Also, if the purposes of the Act as a whole govern, the nature and kind of regulations that may be made can be envisaged.

The purposes, however, may be stated independently, outside the umbrella of the Act as a whole. Thus, a single-section statute could empower a r.m.a. to make regulations "for promoting the economic welfare of Canada". Or, in an Act with broad purposes (e.g. emergency powers) a statement of purposes might have no discernible verbal relationship to any other provision of the Act. Powers of this kind can be extremely broad—the broader the purpose the greater the power. With a wide purpose, it is very difficult to say that a regulation is clearly outside the purposes, and it is difficult to imagine what kind of a regulation might be made. Hence, there is little legislative or judicial control.

4. Specified Subject-matter

Power to make regulations may be in the form of power to make regulations in relation to a stated subject-matter. This is the broadest form, because a relationship to a general

subject can easily be manufactured. Note that sections 91 and 92 of the B.N.A. Act take this form.

The characteristics of this form are that there is virtually no limitation on the power by the terms (purposes, intent, etc.) of the Act itself, but only by the words conferring the power. Since "relationships" can be almost anything, it is also difficult to predict with any degree of accuracy the range of regulations that might be made. Again, the broader the subject, the greater the power.

The courts do have control, for they can say that a particular regulation is not in relation to the stated subject, but the broader the subject or the more general the words describing the subject, the more difficult it becomes for the courts to strike down a regulation.

Two statutes illustrate how powerful these two forms, purposes and subjects, can be. The War Measures Act (purposes) and the Fisheries Act (subject).

5. Judicial Control

In all three forms, the courts do have a degree of ultimate control. They can say that a regulation is not

(1) of the kind described—class 1

(2) for the purposes described—class 2

(3) in relation to the subject described—class 3.

This power may be seriously eroded or even taken away by the familiar phrase "as he deems necessary, desirable, expedient, etc." Thus, where power is conferred to make regulations.

(1) "prescribing such fees as he considers necessary" (class 1),

(2) "as he deems necessary for the purpose of" (class 2), or

(3) "as he deems to be in relation to" (class 3),

the courts have little more than a theoretical power to strike down. (For example, War Measures Act—Chemicals Reference). The test whether the regulation falls within the Act is thus converted from objective to subjective.

6. Sub-delegation

Whether a r.m.a. can delegate to another r.m.a. is largely a matter of construction. There is probably no valid argument against sub-delegation in Forms 2 and 3. A delegating regulation can be said to be for the purpose, or in relation to a subject, specified in the Act."

88. The views just quoted have been presented a trifle more elaborately but to the same effect by Professor Driedger in his famous works "Subordinate Legislation", "The Construction of Statutes", "The Composition of Legislation" and "Legislative Forms and Precedents".

89. The Committee has come to the conclusion that it can not agree with the views of the Privy Council Office. It is the Crown's claim, to put matters bluntly, that an enabling power cast in terms of subject matter, and most commonly introduced by the word "respecting", imports the widest possible regulation-making power, including an unfettered power to sub-delegate the rule-making power conferred, and the power to dispense from the regulations, when made, in favour of particular individuals. This is to set up the delegate as the equivalent of and with the same power as Parliament itself. It is to lose sight of the fact that the delegate is a subordinate law-making body and that delegated legislation is subordinate law. Only in the most extreme cases and under the most ample enabling powers conceivable can Parliament be considered to have given over to its delegate its whole power with respect to a stated subject matter, subject only to the recall of that power into its own hands at its will. This the Committee conceives is the rationale of the decision in the Chemicals Reference, arising under the War Measures Act, the case apparently relied upon for the great power of the word "respecting". If enabling powers cast in terms of subject matter are given the power, scope and amplitude contended for, delegated legislation has ceased to be subordinate.

90. For the same reasons, the Committee regards the purported analogy between enabling powers cast in terms of subject matter and the terms of section 91 and 92 of the British North America Act as false. This view has been put most strongly by Professor Driedger:

> "Power to make regulations may be conferred by reference to subject-matter rather than purpose, as, for example, respecting aérial navigation. Here again, depending on the scope of the subject, there could be a wide power. So long as the regulation is in relation to the prescribed subject it is valid. A sub-delegating regulation would therefore be valid if it can be said to be in relation to the subject. Federal and Provincial statutes in Canada, although not in the category of subordinate legislation, are enacted under constitutional power to make laws "in relation to matters coming within" enumerated classes of subjects, and it is well established that these powers are full powers to make any laws on any matter coming within an enumerated subject."—(25)

There can be no analogy or equivalence between the conferring of legislative powers upon the Parliament of Canada and the Legislatures of the provinces—"authority as plenary and ample within the limits prescribed by (section 91 and) section 92 as the Imperial Parliament in the plenitude of its power possessed and could bestow"—(26)—and the conferring of powers to be exercised by delegation from the Parliament of Canada for the making of subordinate legislation. The scope of the delegation must be determined by the enabling Act as a whole and there can be no presumption that the conferring of a delegated power to legislate with respect to a subject matter gives the delegate, high or low, plenary power to act in all respects as Parliament itself could do.

91. The Committee is well aware of the entrenched position of the word "respecting" and its equivalents in the language of delegation. Because the Committee can not agree with the effect claimed for it, or with the reasons advanced for that

effect, it wishes to place on record its total opposition to the continued use of subject related enabling clauses as long as the Department of Justice persists in its present views that they permit both sub-delegation of rule-making power and dispensations from statutory instruments in favour of individuals. This position has been made known to the Legal Advisers to the Privy Council Office and through them to the Assistant Deputy Minister of Justice (Legislative Programming).

92. The Committee is not so sanguine as to expect that the action it has taken will be sufficient to resolve the matter. The support of the two Houses is necessary to put an end to a construction of an enabling power, and to a practice, which is inimical to their rights and subversive of Parliament's supremacy. Such a form of enabling power is not in use in the United Kingdom and overseas experience in coping with it can not be called upon. The responsibility for safeguarding Parliament's rights, therefore, falls squarely on the Parliament itself.

93. The Committee has encountered statutory instruments made under enabling powers which are drawn in such a way as virtually to exclude the possibility of objection and effective scrutiny. Section 4 of the Electricity Inspection Act and Section 3(c) of the Gas Inspection Act empower the Governor in Council to make regulations necessary for giving effect to the provisions of the statute and for "declaring its true intent and meaning in all cases of doubt". Apart from the blanket legislative power thus conferred, which is limited by specific following clauses in the case of the Gas Inspection Act, and may be limited to purely administrative matters as suggested by Professor Driedger,—(27) these enabling powers give to the Governor in Council the power to declare the meaning of the statute, the function of the judiciary within our constitutional system. While the regulations—(28) made under these powers are in the Committee's views unobjectionable, it feels obliged to report to the two Houses enabling powers of such a nature.

94. Similar objectionable and all-encompassing enabling powers are to be found in section 11 of the Fisheries Prices Support Act; section 12 of the Dominion Water Power Act (which also empowers the Governor in Council by regulation "to meet any cases that arise, and for which no provision is made in this Act"); section 7(3) of the Canada Pension Plan Act (". . . to make such other regulations to provide for the manner in which the provisions of this Act shall apply with respect thereto, and to adapt the provisions of this Act with respect thereto, as appear to the Governor in Council necessary to give effect to the regulations made under this section"; section 277 of the Customs Act.

95. The Committee believes that the precise limits of the law-making power which Parliament intends to confer on a delegate should always be expressly defined in clear language by the statute which confers it: when discretion is conferred, its limits should be defined with equal clarity. No statute should enable a delegate to declare the true intent of Parliament or the scope and nature of the delegation of law-making power.

J.—THE PRETENDED POWER OF DISPENSING WITH REGULATIONS IN FAVOUR OF INDIVIDUALS

96. It was with surprise that the Committee discovered that regulations are made by Parliament's delegates purporting to dispense with existing regulations in favour of individuals and in particular circumstances, without any power in that behalf having been conferred by Parliament. The Committee has also encountered cases in which the delegate of Parliament's powers has purported to confer upon a sub-delegate the power to dispense from the regulations made by the delegate. The Committee expresses its disagreement with such practices which it conceives to be both illegal and subversive of constitutional government.

97. Parliament can, of course, by express provision grant to a delegate the power to dispense from legislation, whether primary or subordinate. Thus, by section (6)g of the Whaling Covention Act the Governor in Council is authorized to dispense from the provisions of the Act and the Whaling Regulations in favour of Indians and Eskimos and that power has been exercised quite properly in making section 4 of the Whaling Regulations.—(29) Other statutory provisions which permit of dispensations by delegates from subordinate legislation include section 482(1) of the Canada Shipping Act, and section 14(1) of the Aeronautics Act.

98. While Parliament can assuredly grant to its delegate power to dispense from the subordinate legislation he makes, the Committee feels it imperative to set down what is both the corollary and a fundamental constitutional principle, secured by the Revolutionary Settlement, namely that a delegate empowered to make subordinate law has no power to dispense from the law he makes in individual instances unless that power has been granted to him expressly. To admit of any other principle is both to allow the delegate to rise above his subordinate status—to deny the essential proposition that subordinate law is subordinate, and to allow the delegate to arrogate to himself the status of Parliament—and to seek to undo one essential feature of the Revolutionary Settlement, embodied in the Bill of Rights, 1689.

99. Three examples will suffice to make the Committee's point.

(i) SOR/74-157, Long Lake Area, Ontario Proclaimed Exempt from Sections 19 and 20 of the Navigable Waters Protection Act

Section 21 of the Navigable Waters Protection Act reads as follows:

> "21. The Governor in Council, when it is shown to his satisfaction that the public interest would not be injuriously affected thereby, may, from time to time, by proclamation, declare any rivers, streams or waters referred to in sections 19 and 20, or any part or parts thereof, exempt in whole or in part from the operation of those sections, and may, from time to time, revoke such proclamations."

The sections from which exemption may be granted forbid the throwing or depositing etc. of sawdust, lumber wastes, stones,

gravel, cinders, ashes and so on into navigable waters or waters which flow into navigable waters. From time to time private enterprises and official bodies, e.g. Hydro authorities, apply for an exemption in respect of a particular body of water. Section 21 provides for exemption in whole or in part for "any rivers, streams or waters . . . or any part or parts thereof . . ." and does not provide for an exemption in favour of a particular applicant. If a body of water is exempted then any one can dump the wastes referred to in sections 19 and 20 into the exempted waters. The words "in whole or in part" would refer to sections 19 and 20 and hence to the categories of waste.

In this instance Denison Mines Ltd. applied to dispose of tailings in Long Lake area. The proclamation purports to exempt the "Long Lake area" from the operation of sections 19 and 20 with respect to the disposal of tailings by Denison Mines Ltd. This is objectionable on two grounds. First, the exemption can, under section 21, not be limited to Denison Mines Ltd.: anyone must be permitted to dispose of tailings. It is noteworthy that none of the previous exemptions granted under section 21 have purported to limit the exemption to a particular applicant or "depositor"—(30) Secondly, the section speaks specifically of declaring exempt "any rivers, streams or waters . . . or any part or parts thereof", yet this proclamation purports to apply not to any rivers, streams, waters or defined parts of them but to an area shown on Department of Transport map. Again, previous proclamations under this section have delineated the exempted waters with great particularity.

The Committee has concluded that this Proclamation is ultra vires as a purported dispensation from the Navigable Waters Protection Act in favour of Denison Mines Limited, no statutory authority for such a dispensation existing. The Committee also considers the Proclamation not in conformity with the enabling power in that it does not declare any specific rivers, streams, or waters, or any part or parts thereof, as exempt from the operation of sections 19 and 20 of the enabling Act. The Department of Transport has twice been advised of the Committee's position but has to date merely indicated that it "has taken into advisement the comments made by the Committee" and that no further such exemptions have been granted.

(ii) SOR/74-29, Special Parole Regulations No. 1, 1973

The relevant enabling power, section 9(a) of the Parole Act, empowers the Governor in Council to make regulations prescribing "the portion of the terms of imprisonment that inmates shall serve before parole may be granted". Since the word "portion" is singular, and not plural, and the words "terms" and "inmates" are plural, this power extends only to setting general rules applicable to all inmates, that is to say to promulgating portions of terms which will be of general application amongst inmates. Consequently, there is no power to set a portion of a term for a particular inmate or to provide by regulation that notwithstanding the Parole Regulations a particular inmate may be paroled before the term of imprisonment applicable to him under the Regulations has expired.

The Special Parole Regulations No. 1, 1973, which are the first and only such regulations to have been made, purported to dispense from section 2 of the Parole Regulations in favour of one Jacques LeBlanc, permitting his parole after a term of imprisonment not of ten but of "five years minus the time spent in custody from the day he was arrested and taken into custody . . . to the day . . . sentence was imposed". The Legal Adviser to the National Parole Board, who is not an officer of the Department of Justice, made freely available to the Committee all the background material to this matter, from which it appeared that this extraordinary course was adopted on the suggestion of one of the Legal Advisers to the Privy Council Office, who himself drafted the Special Regulations. It appeared that M. LeBlanc was convicted of complicity to commit murder and was sentenced to life imprisonment while those who were convicted of the murder itself, being juveniles, were sentenced to eighteen months in the Mt. St. Antoine Institution for Boys. The Quebec Court of Appeal, while rejecting M. LeBlanc's appeal, recommended that some action be taken by other authorities in light of the disparity between the sentences. The Associate Deputy Minister of Justice for Quebec made representations to the National Parole Board, which recommended to the Solicitor General that an exception be made to subsection 4 of section 2 of the Parole Regulations in M. LeBlanc's favour. That exception was duly purported to be made by SOR/74-29.

The Committee was unable to see this course of proceeding as anything but an unlawful dispensation from the Parole Regulations since the Parole Act confers no power of dispensation on anyone and section 9(a) itself authorizes only general rules and not particular rules applying to individual inmates. The Committee is not, of course, unmindful of the hardship which it was sought to avert by making these Special Parole Regulations, but considers that the proper course—and a course possibly more beneficial to M. LeBlanc—would have been, and still is, an exercise of the Royal Prerogative of Mercy. (The Committee understands that M. LeBlanc, while originally on day parole, is still on full parole.) These views were pointed out to the National Parole Board which advised the Committee that it considered itself bound "by the procedure recommended to it and by the acceptance of that procedure by the Governor in Council". It was, of course, precisely that procedure and its consequent acceptance by the Governor in Council which the Committee objected to as amounting to an illegal act of dispensing with the law in favour of M. LeBlanc.

The Committee realizes that what is now critical is not the illegality of the manner in which M. LeBlanc was released from custody in 1973 but the gaining of an assurance that no further Special Parole Regulations will be made reducing the portions of terms of imprisonment that must be served by particular inmates before they may be granted parole. The Committee notes that the proposed section 9 of the Parole Act, contained in clause 22 of the Bill for a Criminal Law Amendment Act (No. 1) 1976 introduced in the last Session, repro-

duced the present phrase—"portion of the terms of imprisonment"—and that, even if that Bill is reintroduced and carried, precisely the same situation could arise in the future under the same statutory provision as applied in the case of M. LeBlanc.

(iii) SOR/73-439, Section 1 of Schedule A to the Steamship Machinery Construction Regulations, amendment

Section 1 of Schedule A to this amending regulation purports to give the Board of Steamship Inspection a power to dispense in individual cases with the properties of steel laid down in the balance of the Schedule as being of general application. In doing so, it simply echoes section 4(1) of the principal Regulations which, being made in 1955,—(31) lie beyond the Committee's reference. When advised of the Committee's concern at the granting by the Governor in Council to the Board of a power to dispense with a part of the regulations made by the Governor in Council, the Ministry of Transport replied that the power to grant a dispensation to the Board was conferred upon the Governor in Council by section 400(1)(b) of the Canada Shipping Act which reads:

"The Governor in Council may make regulations respecting the construction of machinery."

The Committee was told that the power to dispense flowed from the word "respecting". This the Committee can not accept, for reasons discussed at length in Appendix III.

The Committee is more than ever convinced that the word "respecting" and subject-matter enabling clauses have been given an interpretation by the Department of Justice wholly erroneous and dangerous. The Committee wishes to adopt the words of Chillingworth:

"He that would usurp an absolute lordship over any people, need not put himself to the trouble of abrogating or disannulling the laws made to maintain the common liberty, for he may frustrate their intent, and compass his design as well, if he can get the power and authority to interpret them as he pleases, and to have his interpretation stand for laws."

100. Because of the tenacity with which the belief is held in the Department of Justice that such dispensations as have been described are lawful, the Committee has felt obliged to canvass this issue fully in Appendix III the more so since the power is being widely used (168 instances have come to the Committee's notice) and a great deal of ingenuity and mental effort appears to have been devoted to justifying this pretended power. The arguments in favour of its existence are diverse and each might have been addressed acceptably to the Court of King's Bench in the time of Charles I. They all, however, accord with the discredited reasoning of Lord Chief Justice Herbert in Godden v. Hales (1686).—(32)

"There is no law whatsoever but may be dispensed with by the supreme law-giver; as the laws of God may be dispensed with by God himself; as it appears by God's command to Abraham, to offer up his son Isaac: so likewise the law of man may be dispensed with by the legislator, for a law may either be too wide or too narrow, and there may be many cases which may be out of the conveniences which did induce the law to be made; for it is impossible for the wisest lawmaker to foresee all the cases that may be, or are to be remedied, and therefore there must be a power somewhere, able to dispense with these laws."

Just as that polluter of the temple of justice, in his desire to facilitate administrative convenience, confused God's Regent with God himself, so too the Department of Justice appears to confuse a delegate or sub-delegate of Parliament with the supreme law giver.

101. In case it might be thought that it has become unduly excited about a trifle which facilitates the administration of the realm the Committee wishes it to be recalled that it was just such a facilitation of policy which cost James II his throne. And it was just such an insistence on supra-legal powers which in some small measure led to the execution of his father. The Committee believes that the laws are to be obeyed by all. The nature of a dispensation is to favour some, to set some at liberty from the obligations or restrictions of the law, but to leave others under those same obligations and restrictions, and in many instances liable to penalty if they transgress. Once given or assumed a power of dispensation knows no limit in time, number or reason.

If it is desired to have a power to exempt in hard cases, Parliament must be asked to grant it. Livy wrote:

"The laws alone are they that always speak with all persons, high or low, in one and the same impartial voice. The law knows no favourites."

It is to be regretted that certain laws of Canada appear otherwise, and in contradiction of Aristotle's precept:

"That the law is a mind without affection; that is, it binds all alike, and dispenses with none; the greatest flies are no more able to break through the cobwebs than the smaller."

102. Should there persist in any quarter the view that the dispensing power exists, the Committee conceives as the most expeditious remedy the passage of a Bill for a Dispensing Power (Abolition) Declaratory Act.

103. As a final point, the Committee wishes to note the extraordinary nature of the constantly appearing "Immigration Special Relief Regulations" which purport, under sections 57 and 27(3) of the Immigration Act, to dispense with certain requirements of the Immigration Regulations in favour of named individuals. The number of persons so exempted runs into hundreds, even thousands, every year. The Committee rejects the argument that a power to exempt categories of persons from the Regulations extends to exempting individuals. Moreover, it is not convinced that there is power under the Act to exempt categories of individuals. It was on this point that the Committee was first refused a "legal opinion" by a Designated Instruments Officer who was an officer of the Department of Justice serving as Legal Adviser to the Ministry of Manpower and Immigration.

On humanitarian grounds there may be need of a power to waive certain immigration requirements in individual cases. The proper course is to take this power by statute and this is the course the Committee has urged upon the Department of

Manpower and Immigration and upon the Joint Parliamentary Committee on Immigration. On an initial reading of the proposed new Immigration Bill (1976) now before Parliament—and recognizing that it has no direct mandate to debate that Bill in detail at this particular stage—the Committee cannot find in that Bill any explicit power to waive immigration requirements on humanitarian grounds in individual cases, otherwise than by Ministerial permit.

K.—ENABLING POWERS IN APPROPRIATION ACTS

104. In the review of statutory instruments the Committee has been struck by the number of instances of the use of Votes in Appropriation Acts as vehicles for the conferring of subordinate law-making powers, usually upon the Governor in Council. From 1st January 1972 to 30th June 1976 at least one hundred and four items of delegated legislation have to the knowledge of the Committee, been made pursuant to Votes. (The task of adding up the number is not easy since spent regulations are removed from the Index to Part II of the Canada Gazette at the end of each calendar year in which their effect became spent.) The Committee fears that many, many more examples exist which have not been classed by the Crown's legal advisers as statutory instruments and of the existence of which the Committee has neither knowledge nor the means of knowledge.

105. The type of power to which the Committee is referring arises when moneys are voted by Parliament to be disbursed for a stated purpose but all the rules governing that expenditure, the determination of eligible recipients and so on, are left to be made by a subordinate authority. Parliament simply hands a sum of money to a subordinate with authority to spend it for a particular purpose, often vaguely stated, as that authority sees fit. The authority then makes a set of rules, often very elaborate, governing the expenditure of the money and, in effect, defining the purpose and objects of Parliament's bounty. Often the financial basis which gives the legal justification for the use of a Vote in an Appropriation Act is a fiction since the money voted is only one dollar.

106. At first, though disquieted by the extent of the granting of enabling powers in Votes, and those in distressingly vague and all-encompassing terms, the Committee did not take a stand against this means of providing for delegated legislation. Rather, the Committee concerned itself with remarking upon clear abuses of the practice and in drawing its objections to the attention of the Legal Advisers to the Privy Council Office and of the President of the Privy Council.

107. The first of these abuses was the frequent drawing of the enabling power in terms which, in the view of the Crown, would exclude the delegated legislation from the definition of a "statutory instrument" and hence from Parliamentary scrutiny. The phrase frequently encountered was "... subject to terms and conditions prescribed by the Governor in Council ...". This phrase lacks any magic formula, such as "prescribed by regulation" or "prescribed by order", necessary in the Crown's eyes to bring the terms and conditions, when made and set in writing, within the compass of the Statutory Instruments Act. While not accepting that a magic formula is necessary to constitute delegated legislation a statutory instrument, the Committee has naturally represented to those in authority that the jurisdictional problem would be better avoided altogether by conferring the subordinate law-making power in terms which the Government itself acknowledges will, when the power is exercised, produce a statutory instrument.

108. The Committee has also objected to a refinement of the formula mentioned in the preceding paragraph: "subject to terms and conditions approved by the Governor in Council". This particular form of enabling power has all the defects already described but also is completely lacking in specificity as to whom the power is given. Who is it who is to set or make the terms and conditions which His Excellency in Council may approve? The Crown's legal advisers appear to maintain that under this particular formula no more is meant than that the Governor in Council will set the conditions. The Committee is, understandably, not very sanguine about general understandings as to the result of particular statutory formulae and is of the view that every enabling power should specify Parliament's delegate with precision, along with any conditions precedent to the use of the power or procedural requirements Parliament sees fit to provide. All should be clear and admit of no argument.

109. The third abuse to which the Committee has objected is the "filling up" and extension of old Votes, and old enabling powers, under a series of Votes commencing at some point in the intermediate or distant past which are then amplified in scope or altered in some one or more particulars by succeeding Votes. These successive Votes are often expressed "to extend the purpose" of an earlier Vote and the extensions in some instances are but barely related to the particular objects of the original Vote. The combination of the accumulation of extensions and the extreme generality of language in which almost all enabling powers in Votes are expressed renders the task of the Standing Joint Committee so difficult as to negate any effective scrutiny. To the extent that scrutiny is rendered ineffective, Parliament's control of the purse is subverted. The Committee has seen instances of deplorable vagueness and uncertainty as to the true extent of enabling power arising from such constant tinkering. Moreover, the Committee concludes that this practice shows that normal, substantive legislation is necessary to cover the particular subject matter dealt with by the series of Votes. To take but one example, the Committee cannot see why the medical fringe benefits of public servants could not be settled by statute and regulation in the ordinary way, instead of under a series of Votes commencing in 1960.—(33) This abuse amounts to an infringement of criterion 9 and the Committee considers that much of what appears in Votes to be dealt with by delegated legislation should be the subject of open and notorious legislation.

110. In delving into the intricacies of enabling powers under Votes, the Committee soon discovered that the enabling

powers were often not found in the Votes themselves, but in Items in the Estimates to which individual Votes related. Again, to take one example, the Committee had occasion to consider two amendments to the Shipbuilding Temporary Assistance Programme Regulations.—(34) The enabling authority for the principal Regulations—(35) and the subsequent amendments was recited as being the Appropriation Act No. 3, 1970. A perusal of the Votes for the Department of Industry, Trade and Commerce, on the recommendation of whose Minister the amendments were made, revealed nothing which appeared to relate to temporary assistance for the shipbuilding industry. Upon enquiry of the Department, the Committee was informed that the authority lay in Vote 5 and "the item entitled 'Capital subsidies for the construction of commercial and fishing vessels in accordance with regulations of the Governor in Council' which is listed in the details of the Printed Estimates 1970-71 related to that Vote". Vote 5 of the Appropriation Act No. 3, 1970 reads as follows:

> "Trade-Industrial—The grants listed in the Estimates and contributions and to increase to $150,000,000 the commitments during the current and subsequent fiscal years for payments to develop and sustain the technological capability of Canadian defence industry, and to increase to $60,000,000 the commitments during the current and subsequent fiscal years for payments to advance the technological capability of Canadian manufacturing industry by supporting selected civil (non-defence) development projects—$88,888,500"

Apart from the fact that there did not appear to be any necessary connection between capital subsidies for the building of commercial and fishing vessels on the one hand and the terms of Vote 5, the Committee was struck by the fact that by the conjunction of Votes and Estimates in this fashion moneys appropriated by Parliament for what appear to be fairly closely defined purposes may be spent by the Crown on virtually any object it pleases, thus subverting Parliament's control of the purse and destroying the appropriation system in all but name.

111. As a further example of the uncontrolled power being granted to the Crown by way of delegated legislation under Appropriation Acts the Committee notes Vote 10b of the Department of Manpower and Immigration in Appropriation Act No. 2, 1973:

> ". . . to extend the purposes of Manpower and Immigration Vote 10, Appropriation Act No. 3, 1972, to authorize special travel payments to or in respect of persons, in accordance with regulations made by the Governor in Council, to enable such persons to avail themselves of the services provided by the Department of Manpower and Immigration—$1."

This Vote has been used to make a Manpower Mobility Regulations, amendment,—(36) permitting the making of travel grants to those who journey to take up seasonal agricultural work. But it could be used to make regulations relating to anything the department pleases.

112. The Committee notes that power to make subordinate legislation is not granted in Votes in Appropriation Acts in the United Kingdom or in the Commonwealth of Australia and has concluded that it should place on record its opposition, as a matter of principle, to the making of delegated legislation under Votes in Appropriation Acts, whether under substantive or "dollar" Votes or under Votes used in conjunction with items listed in the Estimates. The Committee has made this position known to the Auditor General, the President of the Privy Council, the President of the Honourable the Treasury Board and the Minister of Industry, Trade and Commerce and has invited each to place his observations on the problems and practices now reported before the Committee. The Auditor General has replied in terms which confirm the Committee in its disquiet.

113. The Committee endorses the views of the Auditor General. If enabling powers to make statutory instruments are to continue to be granted in Appropriation Acts, the vote texts should be specific and unequivocal, and contain all the wording having legislative effect, with none being contained in the Estimates. Legislating by means of dollar Votes and altering the purpose of previous Votes by a number of successive Votes are practices with which the Committee does not agree.

L.—SCRUTINY OF ENABLING POWERS

114. The Committee recommends that enabling clauses in Bills should be scrutinized with particular care to ensure that the problems pointed out in the several preceding sections of this Report are found and analyzed while the Bills are before Parliament. Such studies of enabling clauses could be carried out by the appropriate Standing Committees or could be added to the reference of the Standing Joint Committee on Regulations and other Statutory Instruments.

M.—THE TEXT OF INSTRUMENTS SUBJECT TO AMENDMENT

115. Ascertaining the text of a statutory instrument which has been amended is not an easy task, yet it is a task which has faced the Committee and its counsel frequently and which has been carried out in many cases only with the utmost difficulty. How much more difficult must the same task be for ordinary citizens lacking expertise and ready access to the necessary documentation!

116. Since the last Consolidation of the Regulations of Canada appeared in 1955, there is only one laborious means of ascertaining the present state of a regulation or other statutory instrument. One must refer to the enabling Act in the Index to Part II of the Canada Gazette to find listed thereunder the particular regulation and all its subsequent amendments. Each such amendment must then be looked at individually and fitted into the original text, as if it were all one giant jig-saw puzzle. The whole process is made worse by the apparent unwillingness of some Departments and of the Privy Council Office to cause heavily amended regulations to be revoked and

remade in new and complete form in a single regulation. The Committee has urged this course, but to no avail. The Committee considers that, if a process of constant amendment is likely to continue, as appears to be the case with regulations made under section 34 of the Fisheries Act, the regulations should be revoked and remade in consolidated form at regular intervals, perhaps annually. The Committee cannot see that there can be any more work involved, or more expense, in processing an Order in Council for a fresh set of consolidated regulations than in processing an Order in Council for a further amending regulation. The consolidated text must be known to the Department or it would be unable to administer its own regulations. The Committee is concerned to see that the consolidated text is made known as simply and directly and intelligibly as possible to all citizens. The Committee cannot believe that those affected by regulations, however skilful they may be in keeping up to date with amendments, would not find it simpler to cope with a fresh set of regulations than with, say, the sixteenth amendment to an existing regulation which amends a subsection of the regulations already twice amended. The effectiveness of much amended regulations, other than as traps for the unwary, is much to be doubted.

117. The Committee understands that a new Consolidation of the Regulations will appear, possibly as early as mid-1977. While this is naturally to be welcomed, concern must be expressed as to the means of keeping abreast of the flood of amendments which will follow. The Committee is of the view that after 1977 revocation and re-issuing of amended regulations should be the course followed so that ordinary folk will not be forced to study an ever-increasing accumulation of individual amendments. There appears to the Committee to be nothing in Part II of the Statute Revision Act—(37) which requires that the next Consolidation of the Regulations must be kept up to date by the looseleaf method of revision in respect of all "regulations, statutory instruments or documents that, in the opinion of the Commission, are of continuing effect or apply to more than one person or body . . . "

118. It is perhaps appropriate to observe that when the new Consolidation appears, it is estimated that the Committee will be faced with upwards of ten thousand pages of text of statutory instruments to scrutinize. So great an undertaking, while new and amending instruments will continue to be made, can only be undertaken slowly and in stages.

N.—DEPARTURE FROM THE LANGUAGE OF THE STATUTES

119. One of the Committee's concerns has been the equivalence in meaning of the French and English texts of statutory instruments. In looking at the texts of instruments with this in mind, the Committee has noted many instances in which statutory language has been reproduced faithfully in the English text but has been subject to "improvement" in the French text. The Committee formed and has adhered to the view that where phrases which appear in an enabling Act are used in statutory instruments made under that Act, such phrases should be reproduced without modification. Consequently, the Committee disagrees with the practice, no doubt well meaning, of translators and draftsmen of statutory instruments in seeking to improve upon the English or French used in the statutes of Canada.

120. The Committee is aware, however, that there are deficiencies and errors in the language of the statutes. While attention seems more commonly drawn to problems in the French texts, the English texts are not without their blemishes. The proper course is not to improve upon the language Parliament has seen fit to use when drafting statutory instruments, a process to which there would be no limit, but to alter the language of the statutes. The Committee notes that the Statute Law Revision Commissioners have been empowered to prepare draft consolidations and revisions of statutes on this basis and, further, that the projected periodical Statute Law Revision (Miscellaneous Provisions) Bills provide a further vehicle for improving the quality of language of the statutes.

121. The Committee has, accordingly, insisted that "improvements" on statutory language in statutory instruments be revoked and replaced by the language of the enabling Acts. In cases where there would clearly seem to be a different or new shade of meaning arising from the abandonment of the statutory language, the Committee has requested immediate amendment of the offending statutory instrument. In other cases the Committee has been willing to let the language stand until the instrument in which it appears is next amended.

O.—SATISFACTION OF CONDITIONS PRECEDENT

122. Where authority to make the instrument depends, under the enabling Act, upon the fulfilment of some condition precedent which can be recited as a statement of fact, the fulfilment of that condition should normally be recited in the preamble. Examples are, that a certain notice or proposal has been published as required, or that the Governor in Council is satisfied that, or that certain bodies have been consulted as required by statute. Agreement has been reached with the Legal Advisers to the Privy Council Office that such material will appear in the recitals contained in the preamble to statutory instruments which are published in Part II of the Canada Gazette. Of course, the Committee has no means of seeing that this eminently sensible requirement is met in the case of statutory instruments that are not subject to the pre-registration scrutiny of the Legal Advisers to the Privy Council Office. Such instruments are unlikely, under the present Statutory Instruments Act, to come to the Committee's attention.

P.—IMPLEMENTATION OF INTERNATIONAL AGREEMENTS BY STATUTORY INSTRUMENT—REMISSION ORDERS UNDER SECTION 17 OF THE FINANCIAL ADMINISTRATION ACT

123. The Committee has noted several instances of the implementation of an international agreement by regulation or other statutory instrument made under a statute which does

not show in any way Parliament's intention to make the content of the particular international agreement part of Canadian national law. The Committee will keep this practice under continuing study and review, reporting to the two Houses at a later date should it consider that step necessary.

124. The Committee is aware that the practice referred to is a longstanding one and is often effected by the issuing of a Remission Order under section 17 of the Financial Administration Act. It is known that it is the Crown's view that Remission Orders are not statutory instruments but those of general application are published under SI numbers in Part II of the Canada Gazette as documents of public interest only. The Committee does not accept that Remission Orders are not statutory instruments simply because the magic formula "by order" is not found in the text of section 17 of the Financial Administration Act. Remission of taxes, fees and penalties is made by Order in Council and the Committee regards each such Remission Order as a statutory instrument, although it is aware that it sees only those few published in the Canada Gazette Part II. The Committee is of the view that if any class of Remission Order is to be excluded from the definition of a statutory instrument, the Statutory Instruments Act should be amended so to provide. Similarly, if any Remission Orders, while being statutory instruments, are to be excluded from scrutiny by the Committee, the Statutory Instruments Act or the regulations made under section 27 of that Act should so provide.

125. The Committee is also concerned with the frequency and nature of the use of Remission Orders under section 17 of the Financial Administration Act to grant remissions of customs duty, excise and other taxes to individuals and classes of persons. What appears to the Committee to be a power intended for use in exceptional cases where the public interest so dictates, has become routinely used for the implementation of governmental policies. The fact that the Governor in Council considers it in the public interest to remit the particular tax, fee or penalty involved is not now even recited in the preamble to a Remission Order.

Q.—AMENDMENT OF THE STATUTORY INSTRUMENTS REGULATIONS

126. The Statutory Instruments Regulations have been thrice amended since they were first made on 9th November 1971. When considering the last of these amendments, the Committee concluded that, since it was peculiarly concerned with and affected by amendments to these Regulations, it would be desirable if further amendments were not made without prior consultation with the Committee. The Committee realized that it had no right to be consulted and that the Crown in Council could make regulations as it saw fit, leaving the Committee to protest about the amendments after they were made, should it feel so disposed. Nonetheless, the Committee thought that it would be sensible if it were consulted about proposed Statutory Instruments Regulations before they were made. The Committee's views were put to the President of the Privy Council, who replied:

> "If by consultations are meant a formal process whereby proposed amendments to the Statutory Instruments Regulations would be subject to prior approval or rejection by the Committee, the Government would be unable to agree since we do not feel that we can avoid acceptance of our final responsibility, bestowed by Parliament, for the content of these regulations by sharing on a formal basis the duty of defining them. If on the other hand, consultations refer to informal discussions with the Co-Chairmen, the Government would indeed be pleased to consider carefully their comments on existing or future regulations and any recommendations for amendments which the Committee may care to put forward."

The Joint Chairman, Senator Forsey, responded to the President's letter, in part as follows:

> "I'm afraid I must have expressed myself obscurely. Of course nobody with any knowledge of constitutional practice would expect that proposed amendments to the Statutory Instruments Regulations should be subject to prior approval by the Committee. All that anybody had in mind was what you suggest at the end of your letter: that you might consider suggestions that the Committee might see fit to offer. This, I assume, would mean that when the Government was contemplating changes (at any rate changes of any importance), it would let us know so that we could offer any suggestions we had when they would be of most use."

R.—LEGISLATION BY REFERENCE

127. The incorporation into statutory instruments of external documents, for example standards of the Canadian Standards Association, is acceptable provided a fixed text is incorporated and not a text as amended from time to time by an outside body. The Committee insists that any such amendment be considered by Parliament's delegate and, if thought desirable, incorporated by positive amendment to the statutory instrument into which the original standard, document and so on was incorporated. To allow automatic amendment is to permit some one other than Parliament's delegate to make subordinate legislation and to acquiesce in the amendment of a statutory instrument, and hence the making of a new statutory instrument, outside the procedures prescribed by the Statutory Instruments Act.

Where subordinate legislation by incorporating or referring to external documents occurs, the Committee calls for the incorporation of a reference to a fixed text or for an undertaking that no amendment to the external document will be regarded as incorporated into the statutory instrument which contains the subordinate legislation, any amendment which it is desired to include in the statutory instrument being the subject of specific amending action.

S.—POWERS OF OFFICERS OF AGRICULTURAL AGENCIES

128. The Committee has viewed with the gravest concern regulations made under the authority of the Agricultural Products Marketing and Farm Products Marketing Agencies Acts which empower officials to enter premises and to demand information from primary producers. The Committee is aware of the wide powers granted to inspectors under section 35 of the Farm Products Marketing Act and under the several provincial Acts utilized by Commodity Boards authorized to regulate interprovincial and export trade by Orders made under section 2 of the Agricultural Products Marketing Act. The Committee believes that it is imperative for the preservation of the liberties of the subject that the regulations made under both Acts go not one jot beyond the powers given by the Farm Products Marketing Act and the provincial marketing Acts and that the procedures adopted in the regulations be such as scrupulously respect the rights of the subject and the basic presumptions of the common law.

129. Typical of the provisions objected to under the Farm Products Marketing Agencies Act was section 7 of the Canadian Turkey Licensing Regulations—(38) which provided that:

"Every licence shall be issued subject to the following conditions:

(a) the licensee shall provide to the Agency such reports and information as the Agency may from time to time require;

(b) the licensee shall permit the Agency, its employees and agents to inspect the licensee's premises and records;

(c) the licensee shall at all times during the term of the licence comply with orders and regulations of the Agency."

The information that might be required was not defined in terms of the marketing of turkeys in interprovincial and export trade and could have included even the licensee's income tax records. Moreover, the activity of inspection was not confined to that carried out by properly appointed inspectors and in accordance with section 35(1) of the Act. Section 7 of the Regulations has since been amended—(39) to remove these objectionable features.

130. An example of the provisions objected to by the Committee under the Agricultural Products Marketing Act is provided by the Saskatchewan Hog Information (Interprovincial and Export) Regulations,—(40) section 5 of which reads:

"5. (1) Any member or authorized representative of the Commission may, at any reasonable time, inspect any place or premises used for the marketing of hogs.

(2) Every person in possession or control of any place or premises referred to in subsection (1) shall

(a) permit any member or authorized representative of the Commission to inspect such place or premises; and

(b) furnish any member or authorized representative of the Commission with such information in respect of the marketing of hogs as he may reasonably require."

Here, the powers of inspection have been granted without any requirement that the inspecting officer show his authority and establish his indentity. Nor is any attempt made to define "reasonable time". Under section 5(2)(b) a person in possession or control of any place or premises used for the marketing of hogs must "furnish such information in respect of the marketing of hogs as (the inspecting officer) may reasonably require". This provision would enable the inspector to arrogate to himself far more power than is enjoyed by a peace officer and to destroy the inspected person's basic right not to incriminate himself. A person who, in the maintenance of his basic liberty, defied an order to furnish information would be liable under section 4(1) of the Act to a fine not exceeding $500, to imprisonment for a term of up to three months, or to both.

131. The Committee wishes to acknowledge the handsome co-operation of the Department of Agriculture in removing the objectionable features from so many regulations relating to agricultural marketing. The Committee trusts that the safeguards thus afforded to primary producers will serve as an example for similar subordinate legislation in the future, and that the wide and unchallengeable powers of entry given to various authorities in many sectors of the economy will not be uncritically accepted simply because they have become common.

T.—DISCRETIONARY ADMINISTRATIVE DECISIONS, THE RULES OF NATURAL JUSTICE AND A RIGHT OF APPEAL

132. Two issues which have been of concern to the Committee are the right of appeal from a decision taken under delegated legislation, which decision is prejudicial to a subject, and the conferring of discretions on Ministers, officers or boards to take or not to take some action at their discretion. These two matters, although theoretically separate, become intermeshed and together raise also the effectiveness of section 28 of the Federal Court Act.—(41)

133. The Committee always looks closely at provisions empowering a Minister, officer or Board to take a decision at his or its discretion. Discretions are often conferred obliquely by the use of the word "may" or such phrases as "to his satisfaction" or "in his opinion". The Committee considers that as a general rule subordinate legislation should set some objective criteria governing the administrative decisions to be taken and that where tests are set for eligibility or as prerequisites for some action to be taken, such tests should be cast in objective and not in subjective terms. The objective test and the setting of objective criteria will permit an aggrieved person to take legal action where the tests or criteria have been improperly applied. Where subjective tests are employed, and phrases such as "where in his opinion such and such circumstances exist," virtually unchallengeable discretion is imported. Short of being able to conclude that the officer has governed the exercise of his discretion by totally extraneous considerations, a court cannot interfere, for to do so would be to substitute its opinion for that of the officer.

134. The Committee is aware that the granting of subjective discretionary powers in the regulations of Canada is common. The Committee is also aware that some Departments of State can make out a plausible case for many discretions or subjectively worded tests taken individually. Yet, the Committee is convinced that what is really involved is a cast of mind and the frequent occurrence of such provisions is not a good reason for continuing and perpetuating their use. An answer from a government department that the purposes of a particular set of regulations would not be furthered by the substitution of an objective for a subjective test is unacceptable.

135. In some instances, the Committee has been made aware that the enabling legislation is itself replete with discretionary powers and subjectively worded tests. Such an enabling act is the Department of Regional Economic Expansion Act. The Committee believes that if discretions are to be granted the enabling legislation is the proper vehicle. Subordinate legislation should preclude the possibility of discriminatory treatment of persons, and matters that are included in substantive legislation are not necessarily appropriate to subordinate legislation.

136. It often happens that statutory instruments govern the granting, suspension, and revocation of permits and licences, sometimes by one official acting after receipt of a report from another official. The Committee considers that, in general, any person aggrieved by a refusal to grant a licence or permit, or by a suspension, cancellation or revocation, should have a right to be heard in objection, a right to be given reasons and a right to be apprised of any adverse material in any report submitted to the determining official. These safeguards have been considered as basic and essential in natural justice since the Franks Committee Report, 1957,—(42) and have been given expression in Ontario in the Statutory Powers Procedure Act—(43) and the Judicial Review Procedure Act—(44). Even in situations in which an appeal is provided for, or review may be available under section 28 of the Federal Court Act, or action under section 18 of the same Act is possible, the Committee believes that subordinate legislation should provide for the rights mentioned, as those aggrieved should not necessarily be forced to litigation. When they are, they should not be disadvantaged by knowing nothing of the case against them.

137. The Committee is, in any event, far from clear as to the situations in which an application will be entertained under section 28 of the Federal Court Act for the review of any decision to suspend, cancel or revoke or refuse a licence or permit. Section 28 permits an application to review and set aside a decision or order, "other than a decision or order of an administrative nature not required by law to be made on a judicial or quasi-judicial basis ...". The meaning of this exclusion is far from clear and the decisions on it do not constitute a clear guide. The Committee cannot readily form a coherent principle out of Howarth v. The National Parole Board—(45) Lazarov v. Secretary of State—(46) and unreported decisions to which it has been referred by Designated Instruments Officers. When the existence of a right to review under section 28 in any set of circumstances is uncertain, the Committee is all the more convinced that an aggrieved person should not be forced to rely on it in the absence of rights to be told the case against him, to be heard and to be given reasons reserved to him in subordinate legislation.

138. The effectiveness of action under section 28 is made even more doubtful when the powers to grant, suspend, review, revoke, etc. are given in discretionary and subjective terms. Provisions so expressed as to allow an officer to act according to his opinion or satisfaction of facts would seem, on the face of it, to put the decision taken beyond challenge, because an aggrieved person would, even after establishing that the officer had a duty to act quasi-judicially and had failed to do so, still have to abide by the officer's opinion when he decided the issue again. The Committee believes that administrative decisions which can greatly affect the rights, liberties and livelihood of individuals ought not to be put beyond legal challenge by the use of discretionary tests, and that the rules of natural justice should be included in grants of power to take such decisions, thus affording individuals initial safeguards and ensuring a right to review under section 28 of the Federal Court Act where the duty to act quasi-judicially, so created, has been disobeyed.

U.—EXEMPTIONS FROM CIVIL LIABILITY

139. The Committee has encountered twelve regulations—(47) which attempt to exempt the National Harbours Board from all civil liability for the acts or omissions of itself, its employees and its agents in certain circumstances which vary from regulation to regulation. The Committee raised the question of whether these regulations were ultra vires section 14(1)(e) of the National Harbours Board Act. A lengthy and reasoned reply has been received on this point from counsel to the National Harbours Board, which the Committee has under advisement. Beyond the question of vires, the Committee deplores attempts to exempt agencies by regulation from the legal consequences of their acts or defaults. They are an undue infringement of the rights and liberties of the citizen. Although it was common, and even thought acceptable, some decades ago to confer immunity of this nature upon statutory bodies, it is now regarded as not in accordance with accepted standards. The Committee notes that the Senate Committee on Regulations and Ordinances of the Commonwealth of Australia has, with success, taken a similar stand—(48) against such exemption provisions.

V.—STATUTORY INSTRUMENTS MADE UNDER THE INCOME TAX ACT

140. Regulations of great length and complexity are made under the Income Tax Act. These have to date been given only a cursory examination by the Committee which is sensible of the fact that a thorough study would pre-empt its time and energies and those of its counsel. Aware that those affected by the Income Tax Act are often well organized and well repre-

sented by professional gentlemen and organizations making it their business to be aware of all matters affecting or lessening the incidence of the income tax, the Committee has invited the more prominent organizations to refer to the Committee any income tax regulation which in their view transgresses any of the Committee's criteria.

141. The status of the National Revenue Department's Interpretation Bulletins and Information Circulars is a matter of concern. They might not be statutory instruments at all. They may be excluded from that class by force of section 2(1)(d)(v): "... whose contents are limited to advice or information intended only for use or assistance in the making of a decision". However, it cannot be gainsaid that these documents are issued and directed to the public, rather than to the Department's employees, and they do lay down rules which will be followed by the Department's assessors unless and until they are overturned by a competent tribunal. The Committee believes that the status of these documents, and their equivalents in other spheres, needs to be examined carefully when, as the Committee trusts, the Statutory Instruments Act is amended.

W. AFFIRMATION AND DISALLOWANCE OF STATUTORY INSTRUMENTS BY THE HOUSES OF PARLIAMENT

142. The Committee notes that very few statutes of Canada provide for statutory instruments to be subject to either affirmative or negative resolution procedures allowing either or both of the Houses of Parliament to control the coming into force of an instrument or to disallow it. The Committee regards the extension of such procedures as desirable and considers that they might be more widely adopted in the drafting of Bills if there were a statutory codification of the requisites for affirmative and negative resolutions so that there would be a clear understanding of the procedures to be followed, the number of Members of each House who would be required to put down a motion to disallow an instrument and so on. Section 28A of the Interpretation Act, added by section 28(3) of the Statutory Instruments Act, goes only part of the way to meet such procedural requirements and could be amended to embody a complete code of procedure. Alternatively, each House, building on section 28A, could adopt Standing Orders (preferably identical) which would set out in detail the procedures to be followed in the Chambers.

SUMMARY OF RECOMMENDATIONS BY SUBJECT MATTER

B. THE COMMITTEE'S CRITERIA FOR SCRUTINY OF STATUTORY INSTRUMENTS

(Paragraphs 9-13)

1. The Committee's criteria for scrutiny should be written into the Statutory Instruments Act so that they will not need to be adopted and concurred in anew by the two Houses at the commencement of every Session and Parliament.

2. An additional criterion should be added, namely, whether a statutory instrument trespasses unduly on the rights and liberties of the subject.

E. DEFECTS IN THE STATUTORY INSTRUMENTS ACT, PRINCIPALLY THE DEFINITION OF A STATUTORY INSTRUMENT

(Paragraphs 21-55)

1. As a general rule no subordinate legislation should come into effect before it is published.

2. All subordinate legislation, unless expressly excepted by the terms of the Statutory Instruments Act, should be registered, published and transmitted to the Standing Joint Committee on Regulations and Other Statutory Instruments.

3. The definitions of "statutory instrument" and "regulation" at present contained in the Statutory Instruments Act should be repealed and replaced by a clear definition of a statutory instrument as a piece of subordinate legislation, with any exceptions from the definition, being also the exceptions to Parliamentary scrutiny, specifically and clearly set out.

4. The distinction between "regulations" and "other statutory instruments" provided for in the Statutory Instruments Act should be abandoned. There should be but one class of subordinate laws, called statutory instruments, broadly defined in accordance, in general terms, with the definition of "regulation" as contained in the Interpretation Act.

5. All documents contained within the single class of statutory instruments should be subject to uniform procedure as to registration, publication and restriction on retroactive effect.

6. The definition of a statutory instrument should not be made to depend upon the insertion in an enabling power of the name of any particular type of document or instrument preceded by the preposition "by".

7. The new definition of a statutory instrument should be arrived at by taking the sum of the law-making and rule-making exercised by the Crown and its agencies and by any other delegate or sub-delegate of Parliament, and whether made pursuant to or under a statute or to the Prerogative, and by declaring the whole to be subject to Parliamentary scrutiny. If it is then desired to exclude any documents or classes of documents from scrutiny, from registration and publication, those documents or classes of documents would need to be defined expressly. Such definitions should be construed narrowly and a statutory direction to this effect should be included in the Statutory Instruments Act.

8. The Statutory Instruments Act should provide for a Statutory Instruments Reference Committee having the authority to issue a conclusive determination for the purposes of Parliamentary scrutiny as to whether any particular document is a statutory instrument or not.

9. Any Departmental Guidelines, Directives or Manuals which contain substantive rules not contained in statutes or

in other statutory instruments should be included within the definition of a statutory instrument and be subject to Parliamentary scrutiny. This inclusion should extend to Guidelines, Directives, etc. which constitute instructions to staff where the rules so made are applied to or in respect of non-staff members or where the breach of the rules can lead to disciplinary action against the staff member committing the breach.

10. Where any statutory instrument is to come into force before registration and publication, the reasons therefor should be provided to the Standing Joint Committee on Regulations and Other Statutory Instruments.

11. Should the distinction between "regulations" and "other statutory instruments" be retained, the words "regulation-making authority" in the Statutory Instruments Act should be re-defined to make clear that in respect of regulations made by the Governor in Council by Order in Council they mean the Department, Ministry or other body which recommends the draft Order to the Governor in Council.

12. Section 32 of the Statutory Instruments Act should be amended to require the publication of the regulations that have been registered under that section.

F. MATTERS RELATING TO THE FORM OF STATUTORY INSTRUMENTS
(Paragraphs 56-69)

1. Both the enabling authority for subordinate legislation and other documents or statutory instruments referred to within the body of a statutory instrument should be clearly and adequately identified with the actual place of publication being disclosed.

2. The references to intermediate enabling authority, not being statutes, and to all instruments mentioned within a statutory instrument, should be given by a footnote showing the place and date of publication, and registration number if one exists. The giving of footnote references should not be confined to instruments the details of whose registration and publication can not be traced through Part II of the Canada Gazette.

3. When a statutory enabling power has been amended since the last Revision of the Statutes of Canada, the preamble to a statutory instrument made in reliance on that power should recite not only the relevant section number or numbers and the name of the Act but also the reference to any amending statute which has amended the enabling power.

4. The footnotes to an amending statutory instrument should disclose all the prior amendments relevant to the provision or provisions of the statutory instrument now to be amended.

5. Statutory instruments should be accompanied by Explanatory Notes. This is especially to be desired in the case of amending statutory instruments. An Explanatory Note should describe the subject matter dealt with in such a way as to indicate the point of the statutory instrument in a purely informative way without entering into justification, argumentation or construction of the law.

G. THE WITHHOLDING OF INFORMATION FROM THE COMMITTEE
(Paragraphs 70-80)

Those Departments of State and Authorities which make, or propose to the Governor in Council the making of, subordinate legislation should explain to the Committee, if called upon, how it is that a particular piece of subordinate legislation does not infringe one or more of the criteria for scrutiny. An explanation should include legal reasons where such are called for as where the Committee has questioned the vires of a statutory instrument, the interpretation of some apparently obscure or ambiguous provision, or the status of a document as being or not being a statutory instrument.

H. SUB-DELEGATION OF RULE-MAKING POWER
(Paragraphs 81-84)

If it is desired or thought necessary to give to a delegate of Parliament power to sub-delegate rule-making power, the power should and must be conferred expressly by the enabling statute.

I. THE LANGUAGE OF DELEGATION
(Paragraphs 85-95)

1. The precise limits of subordinate law-making power should always be defined in clear language in the enabling statute.

2. Enabling powers cast in terms of subject matter, and commonly introduced by the word "respecting" should not be included in enabling statutes whilstever the view is held by the Crown that such powers permit both sub-delegation of rule-making power and a power of dispensation in favour of individuals.

3. No enabling power should confer upon Parliament's delegate the authority to determine or to declare the scope of his own delegated power or the true intention of the enabling statute.

J. THE PRETENDED POWER OF DISPENSING WITH REGULATIONS IN FAVOUR OF INDIVIDUALS
(Paragraphs 96-103)

The pretended power of dispensing with the provisions of subordinate legislation in favour of individuals under colour of enacting further subordinate legislation, being illegal unless expressly authorized by the enabling statute, should be abandoned forthwith.

K. ENABLING POWERS IN APPROPRIATION ACTS
(Paragraphs 104-113)

1. The practice of using Votes, whether substantive or dollar Votes, and Items in the Estimates as vehicles for the conferring of enabling powers should come to an end. Subordinate legislation should be made under enabling authority contained in ordinary statutes.

2. Even if the practice is not terminated immediately, the following particular abuses should stop, viz:

(a) the conferring of subordinate law-making power in Votes and Items in terms which, in the view of the Crown, excludes the subordinate legislation, when made, from the definition of a "statutory instrument", and thus from Parliamentary scrutiny;

(b) the conferring of subordinate law-making power by use of the words "subject to terms and conditions approved by the Governor in Council";

(c) the extension and amplification of the purposes of old votes by a series of subsequent Votes.

L. SCRUTINY OF ENABLING POWERS
(Paragraph 114)

Enabling clauses in Bills should be scrutinized while the Bills are before Parliament by the appropriate Standing Committees or by the Standing Joint Committee on Regulations and Other Statutory Instruments.

M. THE TEXT OF INSTRUMENTS SUBJECT TO AMENDMENT
(Paragraphs 115-118)

Statutory instruments that have been much amended should be revoked and remade in complete form. An instrument in respect of which a process of constant amendment is forseeable should be revoked and remade in consolidated form at regular intervals, perhaps annually.

P. IMPLEMENTATION OF INTERNATIONAL AGREEMENTS BY STATUTORY INSTRUMENT—REMISSION ORDERS UNDER SECTION 17 OF THE FINANCIAL ADMINISTRATION ACT
(Paragraphs 123-125)

Remission Orders made pursuant to section 17 of the Financial Administration Act should be regarded as subordinate legislation and as subject to Parliamentary scrutiny. The exclusion of any class of such Orders from scrutiny should occur only if expressly provided for in the Statutory Instruments Act.

S. POWERS OF OFFICERS OF AGRICULTURAL AGENCIES
(Paragraphs 128-131)

1. Rights of entry, powers of inspection and of seizure and the power to demand or take information should be confined exactly within the limits provided for in enabling legislation.

2. The wide and unchallengeable powers of entry now being given in enabling Acts should not be uncritically accepted simply because they have become common.

T. DISCRETIONARY ADMINISTRATIVE DECISIONS, THE RULES OF NATURAL JUSTICE AND A RIGHT OF APPEAL
(Paragraphs 132-138)

1. As a general rule, subordinate legislation should set objective criteria governing the taking of decisions provided for in that legislation.

2. Where tests are set for eligibility or as prerequisites to the taking of some action under subordinate legislation, the tests should be cast in objective and not in subjective terms. Tests, prerequisites or criteria dependent upon the formation of opinions or the satisfaction of individuals should be avoided.

3. The granting of discretionary powers is properly the subject of a statute and not of subordinate law.

4. Any person aggrieved by a refusal to grant a licence or permit, or by a suspension, cancellation or revocation of a licence or permit, pursuant to subordinate legislation, should be accorded in the subordinate legislation itself a right to be heard in objection, a right to be given reasons and a right to be apprised of any adverse material in any report submitted to the determining official. These rights should be accorded even where a right of appeal might exist, for the subject should not be forced unnecessarily to litigation, and their presence will assist in guaranteeing jurisdiction in the Federal Court under section 28 of the Federal Court Act.

U. EXEMPTIONS FROM CIVIL LIABILITY
(Paragraph 139)

Subordinate legislation should not attempt to exempt governmental agencies from the legal consequences of their acts or defaults or of those of their employees in either tort or contract.

V. STATUTORY INSTRUMENTS MADE UNDER THE INCOME TAX ACT
(Paragraphs 140-141)

The status of the National Revenue Department's Interpretation Bulletins and Information Circulars, and their equivalents in other Departments of State and agencies, must be carefully examined when the definition of a statutory instrument is amended.

W. AFFIRMATION AND DISALLOWANCE OF STATUTORY INSTRUMENTS BY THE HOUSES OF PARLIAMENT
(Paragraph 142)

1. Greater use should be made of affirmative and negative resolution procedures in the drafting of Bills.

2. A complete code governing both affirmative and negative resolutions should be adopted either by the amendment of section 28A of the Interpretation Act or by the adoption by the two Houses of Standing Orders (preferably identical) setting out in detail the procedures to be followed in the two Houses.

APPENDIX I—DETAILED CONSIDERATION OF THE PRESENT DEFINITION OF A STATUTORY INSTRUMENT

I

In order to put the matter in a perspective which is both rational and historical, even if not one entirely in pari materia (in analogous cases), it is as well to look at the law before January 1, 1972 when the Statutory Instruments Act came

into force, together with proposals for change, as also at the definition of a statutory instrument under the United Kingdom legislation, a definition which, so it appears, has not been without its effect locally.

The old Regulations Act, R.S.C. 1952 C. 235, for all the criticism levelled at it by the MacGuigan Committee—(49) had at least the virtue of containing a fairly simple, even if not a broadly encompassing, definition of "regulation", the then term of art, the phrase "statutory instrument" being nowhere used. A "regulation", so the Act ran, meant:

"a rule, order, regulation or by-law or proclamation,

(i) made, in the exercise of a legislative power conferred by or under an Act of Parliament, by the Governor in Council, the Treasury Board, a Minister of the Crown, or a board, commission, corporation or other body or person that is an agent or servant of Her Majesty in right of Canada; or

(ii) for the contravention of which" (even if not made in the exercise of a legislative power by any of the designated persons or bodies) "a penalty or fine or imprisonment is prescribed by or under an Act of Parliament."

Four exceptions were specified, two of which have been continued in the present Statutory Instruments Act as exceptions to the definition of a statutory instrument (section 2(1)(d)(iii) and (vi). The third exception, relating to the status of rules of courts, has been continued in modified form, and the fourth—"an order or decision of a judicial tribunal"—has been included within the third.

The MacGuigan Committee noted the potential restrictiveness of the test "made, in the exercise of a legislative power", as also the fact that in its view prerogative orders of a legislative character should be classified as delegated legislation in the negative sense that Parliament, by not abolishing the Prerogative, had permitted the making of law under it. Whatever may be thought of so Whiggish a view of the Prerogative, section 2(1)(d)(ii) of the Statutory Instruments Act does at least make one thing clear, namely, that any rule, etc. made by virtue of the Prerogative by the Governor in Council is a statutory instrument.

Continuing in force during the era of the old Regulations Act (which ceased to have effect on December 31, 1971), and to the present day is the definition of "regulation" contained in the Interpretation Act. That Act defines an enactment as

"an Act or regulation or any portion of an Act or regulation."

and a regulation as including

"an order, regulation, order-in-council, order prescribing regulations, rule, rule of court, form, tariff of costs or fees, letters patent, commission, warrant, proclamation, by-law, resolution or other instrument issued, made or established

(a) in the execution of a power conferred by or under the authority of an Act, or

(b) by or under the authority of the Governor in Council."

While the catalogue of types of instrument is not identical with the opening words of section 2(1)(d)(i) of the Statutory Instruments Act, it is substantially similar and paragraphs (a) and (b) above are identical with section 2(1)(d)(i) and section 2(1)(d)(ii) with the limiting words excluded. The genesis of the definition of statutory instrument in the definition of "regulation" adopted in the Interpretation Act in 1967-1968 C. 7 is readily apparent. The examination of this definition also confirms the view that all the words in section 2(1)(d)(i) of the Statutory Instruments Act following "in the execution of a power conferred by or under the authority of an Act of Parliament" constitute a single limitation, a point whose significance will become apparent infra.

The overall picture then is this:

(a) For the purposes of the Interpretation Act there is a definition of "regulation" which is considerably wider than that of "statutory instrument" in the Statutory Instruments Act. This wide definition is of importance in section 6 and 7 of the Interpretation Act concerning commencement, repeal and the making of regulations before an Act comes into force. Since the word "enactment" includes "regulation" the wide definition is also of importance in every provision of the Interpretation Act which refers to "enactment".

(b) There is a definition of "statutory instrument" in section 2(1)(d)(i) of the Statutory Instruments Act which is of importance primarily in delimiting the scope of parliamentary scrutiny, since the Act does not lay down any regime governing the registration and publication of statutory instruments as such. There are the further points that (i) a statutory instrument that is not published in the Canada Gazette may, perhaps, not be judicially noticed (section 23) and (ii) the right of public access under section 24 extends only to statutory instruments as defined in the Statutory Instruments Act. Only some statutory instruments must be registered. Vide section 6.

(c) There is a species of statutory instrument known as a regulation, as defined by the Statutory Instruments Act, to which special rules as to registration and publication attach.

The overall result can best be shown by the use of the diagrams at the end of this Appendix

Turning to the United Kingdom legislation one finds that there is but one class of documents, that of "statutory instruments". There is no sub-class of "regulation" to which any special rules apply. However, the class statutory instrument is not as wide as the class regulation proposed by the MacGuigan Committee for adoption in Canada. The United Kingdom legislation also distinguishes between Acts passed before and those passed after the commencement of the Statutory Instruments Act, 1946 (1st January 1948). In the case of the latter a statutory instrument is defined in this wise:

"Where ... power to make, confirm or approve orders, rules, regulations or other subordinate legislation is conferred on His Majesty in Council or on any Minister of the Crown, then if the power is expressed

(a) in the case of a power conferred on His Majesty, to be exercisable by Order in Council:

(b) in the case of a power conferred on a Minister of the Crown to be exercisable by statutory instrument;

any document by which that power is exercised shall be known as a 'statutory instrument' and the provisions of this Act shall apply thereto accordingly."

An example of the type of legislative drafting envisaged in the above provision is found in section 8(1) of the Statutory Instruments Act itself which reads:

"8(1) The Treasury may, with the concurrence of the Lord Chancellor and the Speaker of the House of Commons, by statutory instrument, make regulations for the purposes of this Act, and such regulations . . . "

It will be seen that the question of whether a document is, or is not a statutory instrument, depends on the express style of making declared by Parliament; that is to say, whether by Order in Council or by statutory instrument, and not upon the use of a formula "make regulations", "make orders", "make rules", etc. It can be seen, too, that if the Minister proceeds by statutory instrument the document he makes ("any document") is a statutory instrument even if, in the case, for example, of section 8(1) of the Statutory Instruments Act the section were to read: "may . . . by statutory instrument prescribe . . . ". This point may be summarized by saying that a document made in the exercise of a power conferred by an Act of Parliament is a statutory instrument if it is made by a Minister and the Act provides that the power is exercisable by statutory instrument, or if it is made by Her Majesty and is an Order in Council.

As to enabling Acts passed before the commencement of the Statutory Instruments Act, whether or not delegated legislation made under them are statutory instruments depends upon whether a power to make a statutory rule within the meaning of the Rules Publication Act 1893 was conferred on the body making the legislation. If such power had been conferred any document by which it is exercised is a statutory instrument, unless otherwise expressly provided in the Statutory Instruments Regulations. Under the Rules Publication Act statutory rules means rules, regulations or bye-laws made under an Act of Parliament by, amongst others, Her Majesty in Council, the judicial Committee, the Treasury, the Lord Chancellor of Great Britain, or the Lord Lieutenant or Lord Chancellor of Ireland, or a Secretary of State, the Admiralty, the Board of Trade, the Local Government Board for England or Ireland, the Chief Secretary for Ireland, or any other Government Department.

II

The Committee's unsuccessful attempts to grapple with the definition of a statutory instrument led it to ask the Department of Justice for its view of its meaning. A reply dated June 13, 1975, was received from Mr. H. McIntosh, Q.C., Director, Legal Services, Privy Council Office, in the following terms:

Mr. Ross (Principal Legal Adviser to the Privy Council Office) has referred to me your letter of May 21st, informing him that it was felt that the work of the Committee would be greatly helped if he could put in writing the interpretation the Privy Council Office gives to a "statutory instrument" as defined in the Statutory Instruments Act.

As I read the proceedings of the Committee, the main difficulty with the definition and the one on which it would like our views is as to the meaning of the words "by or under which such instrument is expressly authorized to be issued, made or established" in subparagraph (i). It is our reading of these words that in order for an instrument to be a statutory instrument, the enactment pursuant to which the instrument is made must expressly authorize its issuance, making or establishment. For example, a provision of an Act may provide that the Governor in Council may by order exempt persons from the application of the Act. In our view, the resulting order would be a statutory instrument because it would be an order made in the exercise of a power conferred by or under an Act of Parliament "under which such instrument (i.e., the order) is expressly authorized to be made". If the enactment had provided the Governor in Council may exempt persons from the application of the Act, then the resulting instrument of exemption would not, in our view, be a statutory instrument because no instrument is expressly authorized to be issued, made or established. The distinction is perhaps a fine one but it is, I suggest, one borne out by the words of the Act. We can think of no other construction to give to these words and, as you know, there is a presumption in the construction of statutes that Parliament intends meaning to be given to all words in a statute.

In the case of the Nova Scotia Egg Order, the Commodity Board is authorized to make orders fixing, imposing and collecting levies and charges from persons in Nova Scotia who are engaged in the marketing of eggs. An order made by the Commodity Board would therefore, for the reasons mentioned above, be a statutory instrument as that term is defined in the Act. It was also our view that the order being made in the exercise of a legislative power conferred by the Act would be a regulation as that term is defined in the Statutory Instruments Act.

I hope that this explanation will be of assistance to you and to members of the Committee and if I can be of any further assistance in this regard, please let me know.

Yours truly,

H. McIntosh,

Director, Legal Services.

Section 2(1)(d)(i), which lies at the root of the problem reads:

"in the execution of a power conferred by or under an Act of Parliament, by or under which such instrument is expressly authorized to be issued, made or established otherwise than by the conferring on any person or body of powers or functions in relation to a matter to which such instrument relates;"

In his letter of 13th June 1975, Mr. McIntosh deals with the words "... by or under which such instrument is expressly authorized to be issued, made or established ...". The result of the view taken as to the meaning of those words can be seen in both the second and third paragraph of his letter and is illustrated further by examples of regulations, other statutory instruments and documents not being statutory instruments furnished for the Committee's meetings of 3rd, 10th and 17th July 1975 and now reproduced in Issues 34, 35 and 36 of the Committee's Proceedings. Mr. McIntosh subsequently appeared before the Committee on 30th October 1975 and as a result it became clear that the Crown's position on the interpretation of section 2(1)(d)(i) was to the following effect, namely:

(i) That an instrument is not expressly authorized to be issued, made or established unless it is authorized to be issued, made or established under the name or title of a class of instruments of which the particular instrument is one, i.e., an instrument is not a statutory instrument unless issued, made or established under an enabling power containing a magic formula consisting of the preposition "by" immediately followed by an abstract noun which is the name of a class of instruments;

(ii) That an instrument issued, made or established in the execution of a magic formula will not be a statutory instrument, notwithstanding the magic formula, if its effect is to confer power on another person or body to do some further act or to make rules (On 30th October Mr. McIntosh was led to concede that this exclusion did not accord with the Privy Council Office's practice of regarding as statutory instruments Orders, issued by the Governor in Council under section 2 of the Agricultural Products Marketing Act, which confer on Marketing Boards powers of regulation and of imposition of levies and charges. Subsequently, in conversation with the Committee's counsel, Mr. McIntosh adhered to his interpretation and opined that the Privy Council Office had erred in regarding such Orders as statutory instruments. That they would thereby be removed from scrutiny was not regarded as of great consequence since they were formal documents. However, the Committee can not see that any good can be regarded as coming from removing documents from scrutiny. And it would say that the scrutiny of the regulations actually made by the Marketing Boards in the execution of the powers given to them by the Orders in question would be made impossible in terms of criteria 1, 4, 6 and 11 unless the Orders are treated as regulations or as documents which should in the public interest be published in the Gazette under an SI number.);

(iii) That a document is not an instrument within the opening words of section 2(1)(d) unless

(a) it is a document referred to in the magic formula in the particular enabling power in question; and

(b) it is one of the types of documents listed in the opening words of section 2(1)(d) or is an "other instrument", that phrase being interpreted by the eiusdem generis rule. No common characteristic has been specified and without it the eiusdem generis rule cannot be applied.

The following points can be made about the interpretation adopted by the Privy Council Office.

1. The result is absurd and produces quite arbitrary results as between documents having precisely the same legal effect and made under the same enabling statute, for example, Levies Orders made under the Agricultural Products Marketing Act, section 2(2). Levies Orders will be either regulations or documents not being statutory instruments at all depending on whether or not the intermediate enabling authority (e.g. a Milk Order) reads "... may by order fix, impose and collect ..." or "... may fix, impose and collect ...". Any interpretation which produces so absurd a result, especially under a piece of legislation, such as the Statutory Instruments Act, designed to enact a grand plan for the registration and scrutiny of statutory instruments, can only be accepted if it stands forth clearly from the very language of the Act. Such is certainly not the case with section 2(1)(d)(i).

2. It can be accounted a strained interpretation as can be seen by testing it in the context of section 17 of the Financial Administration Act, which has become very familiar to the Committee. Section 17 empowers the Governor in Council to remit a tax in these words:

"The Governor in Council, on the recommendation of the Treasury Board, whenever he considers it in the public interest, may remit any tax, fee or penalty."

Section 17 does not read: "The Governor in Council ... may by order remit ...". Hence, in the Privy Council Office's view Remission Orders under section 17 cannot be statutory instruments. Yet, the Governor in Council can only act lawfully through the means permitted by the constitution or by statute, and that means is the Order in Council. If then an Order in Council is made and issued exempting X from some tax, how can it be said that the Order was not expressly authorized to be made and issued? The Committee notes that some Remission Orders, but by no means all, are published in the Canada Gazette Part II as a matter of public interest.

3. If the intention of Parliament had been that suggested by the Legal Advisers to the Privy Council Office one would have expected to find some clear and additional words, or a definition of statutory instrument couched in terms which defined it in terms of the particular type of instrument to be made, established or issued, e.g.:

"... by or under which such instrument is by that name expressly authorized to be issued, made or established."

OR

"... by or under which such instrument is expressed to be issued, made or established in that manner and form ..."

4. It may be thought that what Parliament was intending to do was to introduce in a compendious and more general form of words a test along the lines of the United Kingdom

test for post 1948 statutory instruments. Indeed, this view has been expressed. But such a view of Parliament's intention can not be sustained on the text of section 2(1)(d) of the Statutory Instruments Act. The British legislation proceeds in an altogether different manner and deals primarily not with documents as does our Act ("any rule, order, regulation, ordinance," etc. etc.) but with power to make subordinate legislation and the manner of the exercise of that power. Hence, it is logical for that legislation to speak of a power being authorized to be exercised by Order in Council or by statutory instrument. If the power is to be exercised by statutory instrument, then no matter what title is given to a document made in the exercise of that power, it will be a statutory instrument. In other words for enabling legislation after 1948 Parliament settles definitional issues in advance by conferring a power to make subordinate legislation to be exercised by statutory instrument (the usual course) or by deliberately withholding that manner of making subordinate legislation by omitting the words "by statutory instrument" from the legislation.

Our legislation, being cast in entirely different terms, and starting not from the manner in which a power to make subordinate legislation is to be exercised but rather from a different point altogether—an apparently all encompassing description of the possible documents by which subordinate legislation might be made—cannot be interpreted by analogy with the United Kingdom Act.

Any such analogy is faulty on the further ground that whereas the United Kingdom legislation is framed in terms of an advance legislative determination that a power is to be exercised by statutory instrument, the very thing sought to be defined, the Privy Council Office definition is based on the view that our legislation is framed on a legislative determination that a power is to be exercised by a document by title, be it any title at all, which is but one example of what is being sought to be defined.

The important point to grasp, however, is that the definitions in the United Kingdom Act and in the Canadian Statutory Instruments Act are not at all comparable, for the former begins with a description of the manner in which Parliament has ordained that power be exercised whereas the latter proceeds by describing documents as members of the class "statutory instruments".

5. The Privy Council Office definition leaves altogether out of account the remaining words of section 2(1)(d)(i):

> ". . . otherwise than by the conferring on any person or body of powers or functions in relation to a matter to which such instrument relates."

It may well be that faced with such a concatenation of words, those in authority have concluded that the phrase as such is meaningless and have, therefore, decided to ignore it. However, as Mr. McIntosh himself points out, there is a presumption or canon of interpretation that Parliament does not act in vain and some meaning must be given to these vexed words.

Clauses introduced by the word "otherwise" are usually limiting or excluding clauses, an example of which clearly appears in section 2(1)(d)(ii)

> ". . . any rule, order, etc. issued, made or established
>
> (ii) by or under the authority of the Governor in Council otherwise than in the execution of a power conferred by or under an Act of Parliament."

The "otherwise" clause here excludes from the totality of documents issued, made or established by the Governor in Council all those issued, made or established pursuant to statutes. Since the Governor in Council may act only pursuant to statute or the common law, which is to say the Royal prerogative, the subtraction leaves all documents issued, made or established pursuant to the Prerogative by the Governor in Council. (Any that may lawfully be issued, made or established by the Crown alone are not statutory instruments.) Whether or not it would have been simpler and more direct to have drafted section 2(1)(d)(ii) in terms of

> "by or under the authority of the Governor in Council in exercise of the Royal Prerogative"

the use of the "otherwise" clause here does demonstrate that section 2(1)(d)(i) relates to the class "documents issued, made or established pursuant to statute", a class from which some documents are to be excluded in terms of the "otherwise" clause. Just what documents are to be excluded? On the Privy Council Office interpretation the answer would be all documents issued, made or established pursuant to statute. That is to say, section 2(1)(d)(i) would effectively produce a result of zero. This conclusion is reached in the following manner:

> (a) The Privy Council Office view of the opening words of section 2(1)(d)(i) (those immediately preceding the "otherwise" clause) has already excluded all documents issued, made or established under powers which do not name the type of document to be issued, made or established. That is, the class has already been confined to instruments issued, made or established under a specific title or name, e.g. "by order", "make regulations", "by rule", "by warrant", "by by-law" and so on.
>
> (b) Now that class is to be cut down further by the "otherwise" clause. Consider again a Levies Order made under an enabling Order made pursuant to section 2(2) of the Agricultural Products Marketing Act, which Levies Order does read ". . . may by Order, fix, impose and collect . . . ". This would be a statutory instrument in the Privy Council Office's view. But is not the Milk Board, as well as being a body issuing "Orders", also a body on which have been conferred powers or functions in relation to milk levies—their amount, manner of collection, etc.—levies which constitute matters to which the orders relate? The answer must be in the affirmative with the result that even Orders made pursuant to the power "by Order, fix, impose and collect levies", will not be statutory instruments.

This reductio ad absurdum demonstrates first, that the "otherwise" clause in section 2(1)(d)(i) cannot be ignored, and, secondly, that once it is brought into operation its effect in combination with the interpretation given by the Privy Council Office to the preceding words of section 2(1)(d)(i) is to vacate altogether the class of statutory instruments made pursuant to statute. In other words, one would exclude first all those instruments not made pursuant to powers which name the title of the document and, secondly, all those which are made by a body on which has been conferred powers or functions in relation to the subject matter of the instrument.

Although it was doubted supra, Mr. McIntosh's view could possibly be supportable if the "otherwise" clause were not there. However, it is there on the stairs and all the wishing in the world will not remove it.

6. The use of the eiusdem generis rule in interpreting the words "otherwise instrument" at the close of the catalogue which opens section 2(1) is totally unsatisfactory. No common characteristic has been put forward. The only possible meaning to give to "other document" is any document issued pursuant to statutory or prerogative authority in which is exercised a subordinate law making function. The words cannot be construed in any other light, since if they are interpreted eiusdem generis with the preceding catalogue of documents the only common feature of all the documents listed is that they habitually are the means of exercising a subordinate law making power. Similarly, if the words "other instrument" are read noscitur a sociis with the words that precede them, an identical conclusion flows.

III

The Committee takes the view that while the wording of section 2(1)(d)(i) of the Statutory Instruments Act is obscure, the Privy Council Office's interpretation of it is quixotic in operation and subversive of the Committee's functions and is an unwarranted attempt so narrowly to confine the Committee's jurisdiction as to hamstring it. Unlike the President of the Privy Council—(50), the Committee does not think that it is to be expected that there should be difficulty in defining a statutory instrument.

The crux of the matter lies in the words of section 2(1)(d)(i) which read

". . . , by or under which (power) such instrument is expressly authorized to be issued, made or established otherwise than by the conferring on any person or body of powers or functions in relation to a matter to which such instrument relates . . . "

Because of the absurd results which flow from splitting this phrase into two tests, producing, as was shewn in II(5) supra, a class of zero, it must follow that, notwithstanding the normal use of an "otherwise" clause as exemplified in section 2(1)(d)(ii) as an independent limiting clause, in this one instance at least, the "otherwise" clause cannot stand independently of the words which precede it and that the entire phrase must be read as a single test or description of the type of statutory power which, if exercised to make an instrument, will render that instrument a "statutory instrument". In other words, not all instruments made in pursuance of a statutory power are statutory instruments. Perhaps the word "document" should be used as being more neutral than "instrument" and less perplexing. The mysterious words of section 2(1)(d)(i) are consequently, intended to cut down the class of documents (i.e. the class of rules, orders, regulations, ordinances, directions, tariffs of costs of fees, letters patent, commissions, warrants, proclamations, by-laws, resolutions or other instruments) which can be statutory instruments to form a new class which may be further limited and cut down by the terms of section 2(1)(d)(iii)-(vi).

What documents then are excluded by these mysterious words? This question should more properly be put: What documents made, etc. in pursuance of which statutory powers are excluded? It cannot be that what was sought to be excluded were documents of an administrative or executive, that is to say, a non-legislative character, for the distinction between documents made in the exercise of a legislative power and those not is the crux of the distinction between a statutory instrument and the species, regulations, a distinction so clearly drawn in section 2(1)(d)(i) of the Act. Similarly, executive acts of the Governor in Council pursuant to the Prerogative are statutory instruments by force of sec. 2(1)(d)(ii) of the Act. Nor can it be that the exclusion extends to working papers, or the giving of advice in any written forms, for these are expressly excluded from the definition by sec. 2(1)(d)(v). The conclusion must be that the exclusion in sec. 2(1)(d)(i) relates to documents made pursuant to some part of the powers conferred by statute to make non-legislative type documents. It cannot relate, as has been pointed out, to all documents containing non-legislative matter, but it does not follow from that conclusion that all documents made pursuant to statute but not in the exercise of a legislative power are statutory instruments. That is to say, all statutory instruments of a legislative character are regulations but not all instruments of a non-legislative character need be accounted statutory instruments.

Instruments or documents made pursuant to statute but of a non-legislative character take many forms and include everything from permits to sell postage stamps issued under the Post Office Act and Regulations to forms of contract drawn up by the Department of Supply and Services. Obviously, it cannot have been within the contemplation or intention of Parliament that such administrative documents be statutory instruments and subject to scrutiny. Such instruments, even if expressly authorized to be issued ("the Minister may grant permits") are clearly instruments relating to a matter in respect of which powers or functions have been conferred on a person or body.

Consider also the statutory provisions by which Departments of State or Ministries are established. Of course, Departments can be set up under the Prerogative but the

legislative course is now followed. The statutory provisions are contained in individual statutes or in the Government Organization Act R.S.C. 2nd Suppl. C. 14. They proceed by legislating that there shall be a Department or Ministry of X over which the Minister of X shall preside. The powers and functions of the Minister are then set forth in compendious form. Consider:

External Affairs Act, section 4

"The Minister, as head of the Department, has the conduct of all official communications between the Government of Canada and the government of any other country in connection with the external affairs of Canada, and is charged with such other duties as may be assigned to the Department by order of the Governor in Council in relation to such external affairs, or to the conduct and management of international negotiations so far as they may appertain to the Government of Canada."

and Government Organization Act, sections 5 and 6

"5. The duties, powers and functions of the Minister of the Environment extend to and include all matters over which the Parliament of Canada has jurisdiction, not by law assigned to any other department, branch or agency of the Government of Canada, relating to

(a) sea coast and inland fisheries;

(b) renewable resources, including

(i) the forest resources of Canada,

(ii) migratory birds, and

iii) other non-domestic flora and fauna;

(c) water;

(d) meteorology;

(e) the protection and enhancement of the quality of the natural environment, including water, air and soil quality;

(f) technical surveys within the meaning of the Resources and Technical Surveys Act relating to any matter described in paragraphs (a) to (e); and

(g) notwithstanding paragraph 5(f) of the Department of National Health and Welfare Act, the enforcement of any rules or regulations made by the International Joint Commission, promulgated pursuant to the treaty between the United States of America and His Majesty, King Edward VII, relating to boundary waters and questions arising between the United States and Canada, so far as they relate to pollution control.

"6. The Minister of the Environment, in exercising his powers and carrying out his duties and functions under section 5, shall

(a) initiate, recommend and undertake programs, and coordinate programs of the Government of Canada, that are designed to promote the establishment or adoption of objectives or standards relating to environmental quality, or to control pollution; and

(b) promote and encourage the institution of practices and conduct leading to the better protection and enhancement of environmental quality, and cooperate with provincial governments or agencies thereof, or any bodies, organizations or persons, in any programs having similar objects."

If some limitation did not appear in sec. 2(1)(d)(i) every document signed by or issued under the authority of the Ministers as to the operation and management of the Departments of External Affairs and the Environment respectively, would be statutory instruments a result which follows from their powers being conferred by statute, and not by the exercise of the Prerogative. Similarly, "official communications between the Government of Canada and any other country . . ." if in writing would be statutory instruments if sec. 2(1)(d)(i) read simply ". . . or other instrument issued, made or established (i) in the execution of a power conferred by or under an Act of Parliament". And on the Privy Council Office's interpretation of the limiting words in sec. 2(1)(d)(i) such "official communications" would still seem to be statutory instruments because the Minister has the power to conduct all "official communications" (including those in writing) by name pursuant to section 4 of the External Affairs Act. (Written official communications may not, however, be regarded as an "instrument".)

Thus, it would appear that the limiting words of sec. 2(1)(d)(i) of the Statutory Instruments Act must relate to the mode of administration of a Department or regulation making authority, to the documents which relate to the manner of proceeding and to the result of proceeding, to everything from an instruction as to feeding the departmental cat to the actual permit (document) issued to an applicant to empower him to become a supplicant for some further governmental boon.

The foregoing analysis is meant as simply as is possible to show first, that the Privy Council Office interpretation of section 2(1)(d)(i) is completely unsatisfactory from the point of view of parliamentary scrutiny and, secondly, that another interpretation is possible of the admittedly obscure text of section 2(1)(d)(i). That other interpretation is simply that the limiting words, comprising one test and not two, exclude documents of an administrative kind, for example, organizational memoranda within Departments, and documents that are the end result of the administrative process such as permits, and administrative decisions taken in respect of individual cases, all of which may be open to review in the courts in appropriate circumstances.

To summarize the Committee's position:

1. It considers that section 2(1)(d)(i) of the Statutory Instruments Act is not as narrowly confined in its application to documents issued pursuant to statutory authority as the opinion of the Department of Justice would have it. In particular, it considers that section 2(1)(d)(i) does not exclude instruments made under statutory grants of subordinate law making power which do not contain a magic formula such as "by order", "by regulations", "by tariff", etc. That is to say, it does include instruments made under statutory powers which authorize their issuing, making or establishment whether by proper title or in general terms by conferring subordinate law

making power without specifying the name of the document in which that exercise of subordinate law making power is to be embodied. Thus section 2(1)(d)(i) includes Remission Orders made pursuant to section 17 of the Financial Administration Act and instruments issued under powers which authorize the prescribing of terms and conditions. What is important is what is issued, made or established and whether it is issued, made or established pursuant to statutory authority, not whether it is by specific title ordered or authorized to be issued, etc.

2. By "other instrument" the Committee understands any document issued pursuant to statutory authority in which is exercised a subordinate law making function.

3. Section 2(1)(d)(i) when read together as a piece does exclude from the definition of a statutory instrument those Departmental Guidelines or Instructions or Manuals which are not made in the execution of, or pursuant to, any express statutory authority in that behalf, but under the general statutory power conferred on a Minister of the Crown under a particular statute, or the Government Organization Act, to have the administration of a Department of State, and which do not contain substantive rules (not already included in some other statutory instrument) which may affect the subject. The Committee is also of the view that many such Guidelines, Manuals, or Instructions are likely in any particular case, to be excluded from the definition of a statutory instrument by the terms of section 2(1)(d)(v) (second branch) as documents "whose contents are limited to advice or information intended only for use or assistance in the making of a decision . . .". Whether or not they are excluded on this ground also would vary from case to case as the document in question did or did not contain more than advice or information and as the effect of ignoring its terms would or would not lead to disciplinary proceedings against the officer so ignoring its terms.

However, the Committee is firmly convinced that any Guideline, Instruction or Manual or Directive which actually lays down rules not contained in some other statutory instrument which are to be or could be applied to subjects, whether or not the failure to apply those rules would lead only to disciplinary proceedings against the officer ignoring its terms, is not excluded but is a statutory instrument.

4. The Committee is not satisfied that the Immigration Guidelines and Manuals, discussed more fully in the body of this Report at paragraphs 42-44, fall within the class of documents excluded by section 2(1)(d)(i) and/or section 2(1)(d)(v). The Committee considers that the Guidelines and Manuals could be considered to be made pursuant to the powers expressly conferred on the Minister by section 58 of the Immigration Act to make

> " . . regulations not inconsistent with this Act, respecting . . . the duties and obligations of Immigration Officers and the methods and procedure for carrying out such duties and obligations whether in Canada or elsewhere."

For the purposes of determining whether or not the Immigration Guidelines and Manuals are the regulations referred to in that section, the title given to them by the Department, and the authority or status claimed for them by the Department of Manpower and Immigration, or by the Department of Justice are, without more, irrelevant. It would certainly be odd if a regulation is valid, even if the authority for it is misrecited, so long as there is statutory authority, but, on the other hand, by the mere ascription of a title a document could be removed from the authority of section 58 of the Immigration Act. However, the Committee has not been vouchsafed either a perusal of the Guidelines or the detailed reasons which are said to govern their not being statutory instruments and is unable to give an opinion as to whether the Guidelines now in existence do or do not fall within section 58 of the Immigration Act, or do or do not lay down any rules applicable to subjects or immigrants.

IV

The Department of Justice has adopted a particular and certain interpretation of section 2(1)(d)(i) and is now, after a certain initial hesitancy and inconsistency in practice, enforcing that definition amongst the divers agencies and authorities who make, or who propose the making of, subordinate legislation pursuant to Acts of the Parliament of Canada. The Committee disagrees with that interpretation. It realizes that, although the attribution of the true meaning of section 2(1)(d)(i) is a matter for the courts, litigation in which the issue will arise for adjudication is not likely to occur. Consequently, the Committee can see no virtue in discussing the definition of a statutory instrument further with the Department of Justice. While reiterating its opinion that the interpretation of section 2(1)(d)(i) adopted by the Department of Justice is misconceived, it can see no good purpose in contesting it further. It will be applied, as interpreted by the Department of Justice, until it is changed. The inconsistencies in practice which the Committee has noted from time to time will diminish and any new inconsistencies noted will simply lead to the exclusion in section 2(1)(d)(i) being more widely construed and applied. The Committee can see no course other than the amendment of section 2(1)(d) of the Statutory Instruments Act.

The Committee concludes, therefore, that the exclusion of the types of documents from its scrutiny that flows from the Department of Justice's interpretation of the definition of a statutory instrument does not accord with the concept of parliamentary control of subordinate legislation. The Committee appreciates that it would be helpful to Senators and Members of the Commons if it were to say precisely what documents or classes of documents are not statutory instruments in the eyes of the Department of Justice. However, it can not do so. It is simply impossible to categorize the documents excluded from the definition of "statutory instrument" without an exhaustive study of the enabling powers in all the statutes of Canada. While those enabling powers have been

catalogued, first by M^me^ H. Immarigeon for the MacGuigan Committee and latterly by the Law Reform Commission, they have never been examined as to the application of section 2(1)(d)(i) of the Statutory Instruments Act. Your Committee simply lacks the time and resources to do so.

All your Committee is able to say is that any document produced other than under an enabling power containing a magic formula will not be regarded as a statutory instrument; that any document by which one subordinate confers power to act or to make rules upon another subordinate will not be regarded as a statutory instrument; and that some documents will not be regarded as being instruments and, therefore, cannot be statutory instruments.

The Committee believes that it can logically report to the Senate and to the House of Commons that section 2(1)(d)(i) is unsatisfactory and that amendments to the Statutory Instruments Act are desirable whether or not the Committee or the two Houses of Parliament accepts as legally correct the interpretation placed on section 2(1)(d)(i) by the Department of Justice and whether or not the Houses consider the alternative construction of the Committee as in any way compelling.

The Committee is further of the opinion that it is necessary that the power be given to some body to issue a binding determination as to whether any particular document is a statutory instrument, as does the Statutory Instruments Reference Committee at Westminster. This matter should also be made the subject of legislative amendment.

To conclude this survey of the definition of a statutory instrument, the Committee wishes to record just one example of the arbitrary and quixotic effects of the Department of Justice's definition. Section 25(1)(b) of the Canadian Wheat Board Act, as amended by 21 Eliz. II C. 16, section 3, provides:

> "25. (1) The Board shall undertake the marketing of wheat produced in the designated area in interprovincial and export trade and for such purposes shall
>
> (b) pay to producers selling and delivering wheat produced in the designated area to the Board, at the time of delivery or at any time thereafter as may be agreed upon, a sum-certain per bushel basis in storage Thunder Bay or Vancouver to be fixed from time to time
>
> (i) by regulation of the Governor in Council in respect of wheat of a base grade to be prescribed in those regulations, and
>
> (ii) by the Board, with the approval of the Governor in Council, in respect of each other grade of wheat."

Orders in Council making the regulations referred to in section 25(1)(b)(i) are statutory instruments and regulations and are registered and published in the Canada Gazette Part II, and scrutinized by the Committee.

Neither the document of the Board fixing prices under 25(1)(b)(ii), nor the Order in Council granting the approval of the Governor in Council to the prices fixed by the Board is considered to be a statutory instrument, and need not be registered anywhere, or published. And it is not. It is the Committee's understanding that the Board makes known its prices by copies sent to those concerned. Both powers are invoked at least once a year. How different the results!

APPENDIX II

Extract from the Statutory Instruments Regulations, SOR/-71-592 as amended by SOR/72-94 and SOR/72-527

"21. (1) The inspection of and the obtaining of copies of regulations and classes of regulations that have been exempted from publication pursuant to subsection 14(3) are hereby precluded.

(2) The inspection of and the obtaining of copies of the following statutory instruments and classes of statutory instruments, being statutory instruments or classes of statutory instruments the inspection of which and the obtaining of copies of which the Governor in Council is satisfied should be precluded in the interest of international relations or national defence or security, are hereby precluded:

(a) statutory instruments, other than regulations, that bear a security classification and contain information in respect of

(i) the location or movement of military or civilian personnel of the Department of National Defence,

(ii) the administration or training of the Canadian Forces,

(iii) tactical or strategic operations or operational plans of the Canadian Forces,

(iv) the function of any unit or other element of the Canadian Forces, or

(v) materiel as defined in the National Defence Act including any article or object being designed, developed or produced with the intention that it will become materiel;

(b) statutory instruments, other than regulations, that bear a national or international security classification and relate to Canada's role in the North Atlantic Treaty Organization or to any international agreement, one of the purposes of which is to provide for the defence or security of Canada;

(c) certificates of citizenship granted or issued by the Secretary of State of Canada under the Canadian Citizenship Act;

(d) warrants issued under section 7 of the Official Secrets Act and orders issued under subsection 11(2) of that Act;

(e) statutory instruments, other than regulations, the disclosure of which would reveal the location or movement of any explosive or the location of any manufacturer of explosives; and

(f) licences, permits and other documents issued to any person by the Minister of Transport under the Aeronautics Act whereby that person is authorized to act as pilot-in-command, co-pilot, flight navigator or flight engineer of an aircraft.

3) The inspection of and the obtaining of copies of the following statutory instruments and classes of statutory instruments, being statutory instruments or classes of statutory instruments in respect of which the Governor in Council is satisfied that the inspection or the making of copies thereof as provided for by the Act would, if it were not precluded by these Regulations, result or be likely to result in injustice or undue hardship to any person or body affected thereby or in serious and unwarranted detriment to any such person or body in the matter or conduct of his or its affairs, are hereby precluded:

(a) written warrants or orders for the arrest, detention, rejection or deportation of any person issued or made under the Immigration Act or under any regulation made thereunder;

(b) parole certificates and mandatory supervision certificates issued under section 12 of the Parole Act and warrants issued under section 16 or 18 of that Act;

(c) warrants made or issued under the Penitentiary Act whereby a person who has been sentenced or committed to a penitentiary is committed or transferred to any penitentiary in Canada;

(d) pardons granted by the Governor in Council under subsection 4(5) of the Criminal Records Act and any statutory instrument relating thereto;

(e) statutory instruments by which the salary or other remuneration of any person is fixed or approved by the Governor in Council except to the extent to which they provide for the fixing or approval thereof within a specified range;

(f) orders made pursuant to section 3 or 5 of the Prisons and Reformatories Act;

(g) warrants issued under section 45, 48, 56, 60, 96, 105, 115, 116, 117, 120, 132, 139, 152, 171 or 174 of the Prisons and Reformatories Act;

(h) interim prohibitory orders made under section 7 of the Post Office Act if those orders have not been declared final;

(i) warrants and permits granted under subsection 22(1) of the Customs Act and permits or certificates given under section 104 of that Act;

(j) statutory instruments issued, made or established in the course of an inquiry under the Combines Investigation Act or an investigation ordered under section 114 of the Canada Corporations Act.

"(k) directions issued or made by the Governor in Council following a recommendation made by the Employment Support Board under subsection 15(1) of the Employment Support Act". and

"(l) by-laws, rules and regulations issued or made under paragraph 230(f), (g) or (h) of the Railway Act, except to the extent that any such by-laws, rules or regulations apply to members of the public travelling upon or using a railway."

APPENDIX III

AN ANALYSIS OF THE PRETENDED POWER OF DISPENSING WITH THE LAW

In the times of the Plantagenet, Lancastrian, Yorkist, Tudor and Stuart dynasties the legislative authority of Parliament was subject to the exercise of the dispensing and suspending powers of the Crown. The dispensing power was frequently used and accomplished the exemption of particular persons, under special circumstances, from the operation of penal laws, being in effect an anticipatory exercise of the undoubted right of the Sovereign to pardon individual offenders. The suspending power was employed openly only during the later part of the seventeenth century temporarily to suspend the entire operation of any one or more statutes, notably those directed against Papists and Dissenters.

The dispensing power was expressed in a form of words derived from the practice of the Papacy, commencing in the reign of Innocent III, in issuing bulls non obstante any law to the contrary and in dispensing with the canons in favour of individuals. Pope Martin V, for example, granted a dispensation to a man who married his own sister.—(51) Henry III is generally considered—(52) to have been the first King to make use of the non obstante clause and its use became commonplace, especially in issuing licences authorizing the gift of land to the Church non obstante the Statute of Mortmain.—(53)

The Commons disliked the dispensing power but would occasionally grant it expressly either for general use or for use only between sessions of Parliament as with the "sufferance" granted with respect to the Statute of Provisors in 1391 which was later enlarged into a "full power and authority to modify the said statute".—(54) On other occasions it appears that by statute Parliament specifically excluded the dispensing power and prospectively forbade pardons. Nevertheless, the Crown continued to claim and to exercise a prerogative power of dispensing.

During the reign of Henry VII the idea became accepted that the king could not dispense with penalties for an act which was malum in se, but that he could do so with respect to an act which was malum prohibitum, that is an act forbidden solely by statute.

The power of the king to dispense with any law, and not simply with penal laws, on the grounds of public necessity was expressly stated by the majority in Rex v. Hampden (1637), and most notably by Vernon, J. It was, however, James II who erected the use of the dispensing power into an engine of policy and administration and it was inevitable that the power would fall with him upon his abdication. It had been true, until the time of James II and despite the dicta in Rex v. Hampden, that the doctrine of the dispensing power was received with very important qualifications:

(a) the King could not dispense with the common law;

(b) the King could not dispense with a statute which prohibited what was malum in se;

(c) Even malum prohibitum was not deemed universally dispensible. Some judges held that there could be no dispensation from an express or absolute prohibition, but only from ones sub modo.

(d) No-one contended that a dispensation could diminish or prejudice the property or private rights of a subject.

(e) Dispensations could not be general

James II, having procured the sanction of a judicial opinion to a dispensation with the Test Act in favour of Sir Edward Hales,—(55) proceeded to a suspension of the principal laws for the support of the Established Church, thus bringing about his own flight and abdication producing in turn the Declaration of Rights and the Bill of Rights, 1689.—(56)

The recitals to the Bill of Rights included the following clauses:

"Whereas the late King James II by the assistance of diverse evil councellors, judges, and ministers imployed by him, did endeavour to subvert and extirpate the Protestant religion and the lawes and liberties of this kingdome:

1. By assumeing and exerciseing a power of dispensing with and suspending of lawes and the execution of lawes without consent of Parlyament.

. . .

And therefore the said Lords Spirituall and Temporall, and Commons pursuant to their respective letters and elections being now assembled in a full and free representative of this nation taking into their most serious consideration the best meanes for attaining the ends aforesaid doe in the first place (as their auncestors in like case have usually done) for the vindicating and asserting their auntient rights and liberties, declare(d):

1. That the pretended power of suspending of laws by regall authoritie without consent of Parlyament is illegall
2. that the pretended power of dispensing with laws or the execution of laws by regall authoritie as it hath beene assumed and exercised of late is illegall . . .

. . .

These recitals and declarations receive statutory force from words near the end of the statute:

"All of which their Majestyes are contended and pleased shall be declared enacted and established by authority of this present Parlyament and shall stand remaine and be the law of this Realme for ever. And the same are by their said Majestyes by and with the advice and Consent of the Lords Spirituall and Temporall and Commons in Parlyament assembled and by the Authority of the same declared enacted and established accordingly."

The statutory character of the Bill of Rights was declared by the first Act of the following session, 2 William and Mary c.1.

The Lords were unwilling absolutely to condemn the dispensing power, and inserted the qualifying words "as it hath been assumed and exercised of late". But by section XII of the Bill of Rights the dispensing power was abolished absolutely, except in such cases as should be specially provided for by a bill to be passed during the then current session. No such bill was, however, passed.

"XII And bee it further declared and enacted by the Authoritie aforesaid, that from and after this present session of Parlyament noe dispensation by non obstante of or to any statute or any part thereof shall be allowed but that the same shall be held void and of noe effect except a dispensation be allowed of in such statute and except in such cases as shall be specially provided for by one or more bill or bills to be passed during this present session of Parlyament."

It is true that in the Case of Eton College—(57) the words "as it hath been assumed and exercised of late" were to save the validity of old dispensations. But even if those qualifying words be taken as a parliamentary view that some sort of dispensing power did exist at common law, it is well settled that the courts are not bound by mere legislative assumptions as to the law. "The rule is that Parliament does not alter the law merely by betraying an erroneous opinion of it."—(58) The Case of Eton College could if necessary be supported on the basis that the qualifying words in the Bill of Rights actually operated to give to some or all old dispensations a validity which they would otherwise have lacked. Despite the contrast between Parliament's unqualified condemnation of the suspending power and its qualified condemnation of the dispensing power, it would be open to the courts to hold that, at common law, both were equally abuses, and that, rightly understood, the common law admitted neither dispensing power nor suspending power.

In any event, section XII makes clear that for the future there was to be no dispensing power save under statutory authority. No such bill as contemplated ever having been carried, the only source for a dispensing power can lie in the terms of particular statutes which, as has been noted in paragraph 97 of this Report occasionally do grant such a power.

The application of the Bill of Rights throughout Canada is universally accepted—(59) admits of no doubt and need not be considered.

It has to be observed at once that the dispensing power had been used in connection with statutes and that the substantive provisions of section XII of the Bill of Rights speaks only of statutes, no mention being made of delegated legislation which, though not unknown (Vide Statute of Proclamations 31 Hen. VIII C.8 1539), was not common. The outlawing of the dispensing power in clause 2 of what is commonly known as the Declaration of Rights, reproduced in the preamble to the Bill of Rights, refers to "laws" and not to statutes, but is qualified by the words "as it hath beene assumed and exercised of late . . .". It would be possible, therefore, to put forward the argument that it remains lawful for the Crown to dispense with delegated legislation except in the classes of case in which James II exercised the power. It is submitted that such an argument can be safely set aside and the illegality of the dispensing power extends not only to dispensing with statutes, but also to dispensing with laws, however made. This

is so for several reasons. First, the qualifying words "as it hath beene assumed and exercised of late" have been construed as being for the purpose of saving the validity of old dispensations granted before the evil events of the reign of James II: Re Case of Eton College (1815). Secondly, subordinate legislation, if validly made, has the full force and effect of a statute,—(60) Dale's Case,—(61) Kruse v. Johnson,—(62) Institute of Patent Agents v. Lockwood,—(63) Reference Re Japanese Canadians,—(64) and it would be absurd to suggest that, although having the full force and effect of a statute delegated legislation is different in quality in being subject to a royal or other power of dispensation. Thirdly, the members of the Convention and of the first Parliament of William and Mary were necessarily legislating within the frame of reference of their own time in which law was almost always made by statute, and indeed, of a time in which Parliament legislated with a particularity and attention to detail which today would be regarded as picayune. The words of section XII of the Bill of Rights cannot, therefore be confined narrowly to statutes strictu sensu but extend to legislation made by or under the authority of a statute. Wherefore, the principle can be asserted that the Bill of Rights abolished entirely the Crown's right to dispense with laws in advance (as distinct from the right to pardon those who offend against laws) and that any dispensation, to be lawful, must be referable to an enabling power within a statute. Thus, it is that, as has been seen, some statutes do expressly provide that there shall be a dispensing power in connection with the provisions of the respective statutes, the regulations made under them or both.

Canada Shipping Act, section 482(1)

"Notwithstanding anything in this part, the Minister, on the recommendation of the Chairman of the Board of Steamship Inspection, may relieve any Canadian ship or the owner of any such ship from compliance with any of the provisions of this Part or regulations made thereunder relating to steamship inspection . . . in any specific case of emergency where the Minister may deem it necessary or advisable in the public interest . . . "

Aeronautics Act, section 14(1)

"The Commission may make regulations

. . .

(g) excluding from the operation of the whole or any portion of this Part or any regulation, order or direction made or issued pursuant thereto, any air carrier or commercial air service or class or group of air carriers or commercial air services."

How then can a power to dispense with subordinate legislation be thought to exist?

The first argument that is put is that because Parliament can dispense with the laws it makes, and can enact sections which read "notwithstanding any law, or any section of this or any other Act . . . " so too can the Governor in Council (or the Minister, Regional Director, etc.) dispense from the laws he makes. This is once again to assert that the delegate is in the same position as is Parliament, to assert that subordinate law is not truly subordinate at all. It is to give to the delegate all the powers that Parliament has. This is nonsense. The Queen in Parliament is sovereign. The Governor in Council, Ministers, Boards etc. are not, and can only make law within the confines of the authority delegated to them. That authority will not include a power to dispense from the subordinate laws made unless it is expressly conferred. This is, the Committee notes, the position accepted by all in the United Kingdom where no dispensations from subordinate legislation can occur unless expressly authorized by the enabling Act. It is also the position which obtained under the most famous enabling Act of all time the infamous Statute of Proclamations, 31 Henry VIII cap. 8, repealed by 1 Edward VI, cap. 6. The complete law making power was given into the royal hands, to the King in his Council, and yet it was thought necessary by that most puissant Prince, who drafted the Bill in his own hand, expressly to provide for a dispensing power. If so mighty a monarch more than a century before the Bill of Rights thought it necessary to take a dispensing power along with Parliament's delegated law making power, how much more necessary must an express dispensing power be to a delegate of Parliament's sovereign authority today? To remove all doubt, the Committee notes the text of the substantive portion of the Statute of Proclamations:

"Therefore it is enacted, that always the king, for the time being, with the advice of his council . . . or the greater number of them, may set forth at all times by authority of this act, his proclamations, under such penalties, and of such sort as to his highness and his council, or the more part of them shall seem requisite. And that the same shall be obeyed, as though they were made by act of parliament, unless the king's highness dispense with them under his great seal."

It is in the light of this true position of a delegate of Parliament that section 26(4) of the Interpretation Act must be construed:

"When a power is conferred to make regulations, the power shall be construed as including a power, exercisable in the like manner, and subject to the like consent and conditions, if any, to repeal, amend or vary the regulations and (to) make others."

Given the fundamental constitutional presumption against a power of dispensation this provision cannot amount to a blanket power to any and every delegate of a subordinate law making function to grant dispensations under cover of making "Variation Orders", as has been sought to be done in the case of licences granted under the Public Lands Leasing and Licensing and Public Lands Mineral Regulations and the Canada Oil and Gas Land Regulations. The words "amend" or "vary" will not extend to permit dispensations from a general rule in favour of individuals in particular circumstances. Such a power must be sought in each case in the enabling statute under which the delegation of rule making power is conferred. No delegate, without express authority from Parliament, can be in any better position than the successors of James II. Laws

cannot be dispensed with by the authority of delegates when they cannot be by royal authority.

A second argument is that the only dispensing power outlawed by the Bill of Rights is that exercised in a fashion strictly analogous to the manner in which King James II proceeded. That is to say, that the only dispensation forbidden is that made by someone other than the person who made the law. James II purported to dispense with laws made by Parliament by Letters Patent under his Great Seal. Therefore, a Minister or a Regional Director can not dispense with laws made by the Governor in Council in exercise of powers delegated by Parliament. (The Committee notes in passing that the power purportedly given to the Board of Steamship Inspection under section 1 of Schedule A to the Steamship Machinery Construction Regulations—(65) takes just this outlawed form.) This argument would leave a Minister or the Governor in Council free to dispense from the regulations he himself makes, but suffers from the same defects of arrogation of 1343 non-subordinate status as were outlined in the preceding paragraph. Moreover, it ignores the effect of section XII of the Bill of Rights which must be taken to have outlawed any dispensation unless provided for in the enabling Act.

The final argument that has been addressed in support of the dispensing power is the claim that it is automatically conferred upon a delegate by the enabling Act itself, whenever the enabling power is cast in terms of a subject-matter, and commonly introduced by the word "respecting". This was the formula used in drafting section 400(1)(b) of the Canada Shipping Act.

> "The Governor in Council may make regulations respecting the construction of machinery."

It was this provision which was relied upon in giving a power of dispensation to the Board of Steamship Inspection. The Committee was told by the Legal Adviser to the Ministry of Transport:

> "It has generally been assumed that the use of the word 'respecting' is wide enough to allow the Board to exempt from or dispense with any general requirement of the Regulations. In support of this assumption, the writings of Mr. (sic) Driedger are relied on, in particular the book "The Composition of Legislation", page 149."

The Committee can only reiterate that such a theory places the Governor in Council, or other subordinate, in exactly the same position as Parliament and asserts that he can do anything Parliament might do. This view of "respecting" ignores the consequences of the Bill of Rights and the fact that any delegate's powers, including those of the Governor in Council, are subordinate and their limits will be construed in the light of basic constitutional principles, one of which is that the dispensing power is illegal unless expressly granted. Reference to page 149 of the "Composition of Legislation" brings forward once more the argument by analogy to sections 91 and 92 of the British North America Act. As was mentioned in paragraph 90 of this Report this analogy is false.

—1 Third Report of the Special Committee on Statutory Instruments, Session 1968-1969.

—2 Third Report of the Special Committee on Statutory Instruments, Session 1968-69, chapter 9.

—3 XIX Howell's State Trials, 1044.

—4 (1971) S.C.R. 5.

—5 (1918) 57 S.C.R. 150.

—6 Driedger, E. "Subordinate Legislation" 38 C.B.R. 1 at p. 20.

—7 Report of the Committee on Ministers' Powers, Cmd 4060, section 3, p. 21.

—8 (1918) 57 S.C.R. 150.

—9 Reference re Regulations (Chemicals) Under War Measures Act (1943) S.C.R. 1; (1943) 1 D.L.R. 248.

—9A Technically the exception covers those statutory instruments "the inspection of which or the obtaining of copies of which are precluded by any regulations made pursuant to paragraph (d) of Section 27".

—10 Statutory Instruments Act, section 26.

—11 SI/76-40, Proclamation Prescribing Designs, Dimensions and Composition of Olympic Coins, Series IV, Issued: May 13, 1975. Registered and published: April 14, 1976.

—12 Statutory Instruments Act, section 2(1)(b).

—13 SOR/72-441, as amended.

—14 Federal Court of Appeal, 5 Feb. 1976, Cor: The Chief Justice, Ryan, J., and Sheppard, D.J.

—15 President of the Privy Council, 1st June 1976, H.C. Debates, 1404.

—16 Third Report of the Special Committee on Statutory Instruments, Session 1968-69, page 27.

—16A 12 Co. Rep. 74.

—16B SOR/74-431—Teslin Exploration Limited Order

SOR/74-8—Indian Off-Reserve and Eskimo Housing Regulations

SOR/75-107—Anglo American Corporation Dredging Regulations

SOR/74-178—Pension Benefits Standards Regulations, amendment

SOR/75-202—Protection of Securities (Loan Companies) Regulations

SOR/75-203—Protection of Securities (Trust Companies) Regulations

SOR/76-100—Protection of Securities (Co-operative Credit Associations) Regulations

SOR/74-79—Canso Zone Marine Traffic Regulations

SI/74-127—Commercial Samples Remission Order

SOR/75-35—Flying Accident Compensation Regulations, amendment

SOR/72-14, SOR/73-245, SOR/74-218, SOR/75-134, SOR/75-609—Manpower Mobility Regulations

Immigration Special Relief Regulations

Immigration Guidelines

—16C See Minutes of Proceedings and Evidence, 27th January 1977, Issue No. 7.

—17 Subordinate Legislation, The Construction of Statutes, The Composition of Legislation, Legislative Forms and Precedents.

—18 "Subordinate Legislation" 38 C.B.R. 1 at p. 22.

—19 (1943) S.C.R. 1.

—20 (1956) S.C.R. 318.

—21 S.A. de Smith: Judicial Review of Administrative Action (3rd Ed) p. 63; Hood Phillips: Constitutional & Administrative Law, p. 485; S.A. de Smith: "Sub-Delegation & Circulars" (1949) 12 M.L.R. 37; Allingham v. Minister of Agriculture (1948) 1 All., E.R. 780; Brant Dairy Co. Ltd. & Walkerton Dairies Ltd. v. Milk Commission of Ontario & Ontario Milk Marketing Board (1973) S.C.R. 131; Robertson v. The Queen (1972) Fed. R. 80.

—22 SOR 72-7 as amended. (None of the subsequent amendments is relevant to Section 19(5)).

—23 "Subordinate Legislation" 38 C.B.R. 1 at p. 31.

—24 Proceedings, p. 257.

—25 The Construction of Statutes, p. 201.

—26 Hodge v. The Queen, (1883) 9 App. Cas. 117 at p. 132.

—27 "Subordinate Legislation" 38 C.B.R. 1 at p. 28.

—28 SOR/72-267, SOR/72-268, SOR/73-118, SOR/73-119, SOR/73-378, SOR/73-379, SOR/73-718, SOR/74-104, SOR/74-105, SOR/74-579, SOR/74-580, SOR/75-178, SOR/75-179.

—29 SOR/75-226.

—30 SOR/69-488, Baie des Cayes-Noires, Quebec Two Areas Exempt from S. 18, 19 & 20; SOR/65-120, Columbia River, British Columbia, Exempt from S. 20; SOR/63-190, Flora Lake, Newfoundland Exempt from S. 20; SOR/61-23, Labrador Water Lot Exempt from S. 20; SOR/54-249, Marmion Lake, Ont. Exempt from S. 18, 19 & 20; SOR/64-23, Portion of Strait of Juan de Fuca, B.C. Exempt from S. 19; SOR/61-196, Shoal Arm, Newfoundland Exempt from Section 19; SOR/69-273, Tasu Sound, British Columbia, Certain Waters Exempt from S. 18, 19 & 20.

—31 SOR/55-100

—32 XI Howell's State Trials, Cobbett, 1166 at p. 1196.

—33 See Public Service Health Insurance Regulations, SOR/72-101, as amended, grounded in Vote 124 in Appropriation Act No. 6, 1960.

—34 SOR/72-198 and SOR/73-400, Proceedings, Issue No. 65: 23-26.

—35 SOR/71-7. This principal regulation, having been made before 1 January 1972, lies outside the Committee's statutory reference.

—36 SOR/75-609.

—37 23-24-25 Eliz. II cap. 20.

—38 SOR/75-5.

—39 SOR/75-686.

—40 SOR/75-222.

—41 R.S.C. 2nd Supp. cap. 10.

—42 Report of the Committee on Administrative Tribunals & Enquiries, Cmnd. 218. (U.K.).

—43 S.O. 1971 C. 47.

—44 S.O. 1971 C. 48.

—45 (1974) 50 D.L.R. (3d) 349.

—46 (1973) 39 D.L.R. (3d) 738.

—47 SOR/72-69, SOR/72-141, SOR/72-142, SOR/73-179, SOR/73-272, SOR/73-301, SOR/74-201, SOR/74-285, SOR/74-510, SOR/74-511, SOR/75-72, SOR/76-191.

—48 Fifty-first Report of the Standing Committee on Regulations and Ordinances, Canberra, 1975, section 9, page 3.

—49 Third Report of the Select Committee on Statutory Instruments, House of Commons Session 1968-1969.

—50 H.C. Debates, 14047, 1st June 1976.

—51 Discussed in The Case of the Commendams, Sir John Davy's Reports, fol. 69b.

—52 Thomas v. Sorrel, Vaughan's Reports, fol. 348, Taswell-Langmead: English Constitutional History (Plucknett Edn) p. 190 following the histories of Mathew Paris.

—53 When one of these patents was produced in the Common Pleas, one judge, Roger de Thurkeby, is said to have explained in prophecy:

"Ab alto ducens suspira. De Praedictae adjectionis appositione. Heu! heu! has ut quid dies expectavimus ecce jam Civilis Curia exemplio Ecclesiasticae Coinquinatur et a Selphureo fonte Rivulus intoxicatur."

—54 Taswell-Langmead: op. cit., p. 191.

—55 Godden v. Hales, XI Howell's State Trials (Cobbett) 1166.

—56 An Act declaring the Rights and Liberties of the Subject and Settling the Succession to the Crowne, Wm & Mary, sess. 2, c.2. This statute is known as the Bill of Rights by force of the Short Titles Act 1896, (U.K.). It is dated 1688 old style, 1689 new style.

—57 (1815); Special Report by Peere Williams.

—58 Maxwell on the Interpretation of Statutes, 12th ed. (London 1969) p. 271, and authorities there cited.

—59 Ruding v. Smith (1821) 2 Hagg. Cons. 371; F. Lareau, Histoire du Droit Canadien Tome II, Montreal 1889, page 54.

—60 It is true that technically a regulation is not a statute and therefore for the purposes of the Criminal Code offence of being in breach of a statute, breach of a regulation is irrelevant: The King v. Singer (1941) S.C.R. 111. Yet for other purposes the distinction between the two seems to have been obliterated by the Japanese Reference (1947) A.C. 87.

—61 (1881) 6 Q.B.C. 376.

—62 (1898) 2 Q.B. 91.

—63 (1894) A.C. 347.
—64 (1947) A.C. 87.
—65 SOR/55-100 as amended by SOR/73-439.

Respectfully submitted,
EUGENE A. FORSEY,
Joint Chairman.

APPENDIX "B"

(*See p. 308*)

FEDERAL-PROVINCIAL CONFERENCE OF MINISTERS OF FINANCE, OTTAWA FEBRUARY 1-2 1977

DECONTROL AND POST-CONTROL—NOTES FOR REMARKS BY FINANCE MINISTER DONALD S. MACDONALD

I now propose to set out the present stage of our thinking on the process of decontrol and the post-control period, and to invite you to express your present views. My remarks can be grouped under three headings: first, the factors influencing the nature and timing of decontrol; second, the methods of decontrol; and third, the nature of the post-control arrangements.

Factors Influencing the Nature and Timing of Decontrol

First, the economic situation throughout 1977 and into 1978 looks relatively favourable for exit from the controls program. Rates of price and wage increase have already come down substantially and are expected, on balance, to show some continued tendency towards moderation. Given the prospect of subdued economic growth, we are not likely to encounter demand pressures which might lead to an outburst of price increases if controls were removed. Further, because of its inherently flexible nature, the controls program does not appear to have led as yet to widespread distortions in wage and price structures which could also trigger a wage and price bulge. Consequently, the economic situation would appear to give us a green light for decontrol.

The second factor that must be considered is the state of expectations. It gives us a more ambiguous signal. On the one hand, there has been a significant change in inflationary expectations since October, 1975. The average Canadian no longer expects the wage he receives or the prices he pays to rise at double digit rates. The newspapers are not filled anymore with stories of stratospheric wage increases inviting emulation. One consumer survey showed that in September, 1976, only 29 per cent of the respondents thought that prices would rise faster over the next few months, compared to 47 per cent in September, 1975. The decline in inflationary expectations stems from the better price performance recently experienced, and the commitment of most of our governments to the Anti-Inflation Program.

On the other hand, there is a danger that a renewed outbreak of inflationary expectations could be triggered by any bulge in costs and prices that might occur once controls are lifted. "AIB clauses" in wage contracts, which provide for increases or contract re-openings when controls come off, could result in some large wage increases and in a spate of re-openings of collective agreements. Some workers could get carried away by a desire to recapture wage increases rolled back by the AIB. This is a particular danger in sheltered economic sectors, particularly in public and para-public employment. Another round of leapfrogging could ensue. Where market conditions or market power permits, corporations could raise prices in order to restore eroded profit margins. These dangers and the fact that the recent improvement in inflationary expectations may still be quite fragile argue strongly for the continuation of controls and for phasing them out over a period of time so as to spread out any wage and price bulge that might take place.

The third factor is business confidence. Corporations are finding the prices and profits regulations administered by the AIB to be burdensome, and there is cause for concern that firms may be holding back on new investment projects. There are evidently a number of factors at work, including the rather slow growth rates here and elsewhere, the high costs of new capital investments and the difficulty of equity financing, excess capacity and political uncertainties. But the existence of controls, and in particular, the apprehension that they may remain in effect for a long time, is an added handicap. This can be more easily relieved than the other factors. Traditionally, business investment has always been especially important in the cyclical expansion of the economy, but that stimulus has been very much subdued in the present recovery. The sooner the economy can be decontrolled and the timetable for decontrol can be announced, the more likely it is that business investment will follow its traditional pattern and that growth will be maintained at a reasonable rate.

Fourth. A significant benefit which can be derived from the development of an orderly program for decontrol and the necessary post-control arrangements can be a renewed basis for constructive co-operation with organized labour. One aspect would be renewed participation by labour in the work of important boards and councils.

Fifth. I should note the problems that will crop up as the expiry date of the legislation nears. As the Anti-Inflation Program moves into its third year and as its expiry date comes closer, the enforcement of controls will become increasingly difficult. Some will attempt to evade the spirit of controls by back-end loading their collective agreements so that the largest increases in compensation will come at the end of their contracts rather than at the beginning as is typically the case; others will refuse to enter into multi-year contracts. At some point, negotiations will effectively cease. The problem of "AIB clauses" in collective agreements will also become more acute. Corporations will be able to side-step around the prices and profits regulations by accounting devices, re-assigning sales contracts, or even by withholding supplies from the market to minimize realizing apparent excess revenue. These are all problems to be considered.

Methods of Decontrol

Against that background, I would like to review the options for the decontrol process which I have discussed with many informal groups across the country, and which I touched upon at our last meeting.

One way of terminating controls is simply to announce that as of a certain date controls are no longer in effect. Thereafter, the AIB and the Administrator would simply cease making compensation rulings and would ignore pending cases. The prices and profits regulations would be lifted as of the last completed compliance period or quarter prior to the announcement date. This method has the advantage of being simple and quick. Depending upon the chosen date, it would reinstate unfettered collective bargaining more quickly than any other method. It might also bolster business confidence. However, this method also has some drawbacks. Unless expectations have been clearly turned around, and a greater sense of moderation and responsibility established, the sudden and complete lifting of controls could easily result in a large wage and price bulge, with renewed problems of inflation and even more unemployment. Moreover, it has serious inequities. Those who had delayed filing or who had not yet been dealt with by the AIB would escape controls, whereas those who had settled within the guidelines or had been rolled back by the AIB would be locked in, to the extent contracts were amended.

An alternative strategy would be to follow a phased decontrol. One method would be to reduce the size of the controlled sector in stages, either by periodically raising the size limit of firms subject to controls or alternatively by decontrolling firms one industry at a time. This gradualist approach would minimize the risk of a wage and price bulge. A fundamental question to consider would be whether the early release of firms or sectors would be conditional upon commitments by both employers and employees to continue to comply voluntarily with the over-all spirit of the Anti-Inflation Program and its guidelines.

Decontrol on the basis of firm size would be administratively easy, and would be consistent with the original design of the program. However, it would call for essentially arbitrary distinctions among business firms. The impact of both wage and profit margin restraints appears to be greater for smaller firms. The competitive relationship between small uncontrolled firms and large controlled firms in the same industry can be distorted. Further, certain industries are composed largely of smaller firms and, thus, decontrol by firm size would imply a form of decontrol by industry that might not be otherwise desirable. Decontrol on the basis of firm size does not appear to be an attractive sectoral approach.

Decontrolling firms one industry at a time would permit the process to take account of the market conditions affecting different industries and of the relationships between the performance of industries and the problems of inflation. This approach would have to recognize the fact that most large Canadian firms operate in several industries. As well, the structure of unionization does not line up neatly with that of business and this would make it difficult to remove controls on compensation at the same time as those on prices and profits. In decontrolling one industry at a time, attention would have to be paid to those who remain under control.

A third option would involve releasing groups from control at times determined by the expiry date of their contracts as regards compensation, and their fiscal years as regards prices and profits. Compensation plans, whether under collective agreements or unilateral, that succeed plans terminating on or after a specifically chosen decontrol date, would be free of mandatory controls. Plans that succeed plans terminating before that date would be subject to mandatory controls even though the plan might not be settled and reported to the AIB until after that date. It would be necessary to stipulate that every successor plan be of at least one year's duration to prevent action to terminate plans on or shortly after that date.

Under this approach, therefore, the mandatory controls would come off particular groups of employees over a period of time depending on the dates on which agreements terminate, just as the first application of controls to groups depended on the date on which new agreements were reached.

Similarly, the present structure of controls over prices and profits would be lifted from firms at the end of their fiscal years which had commenced before the decontrol date. It would perhaps be necessary to continue controls for some firms for a period beyond the end of that fiscal year in order to achieve a better synchronization of decontrol over prices and profits and decontrol on compensation. In any event, it would be necessary to provide for continuing control over firms which had excess revenue in their last fiscal year, until it was marked off.

Of course there may be other options which should be explored. But whatever approach is finally selected, the choice of a decontrol date will be of great importance.

In this discussion, I have concentrated on compensation and prices and profits. Other elements of controls would be eased or lifted in appropriate stages or at an appropriate point in time. Rental control of course, is in your jurisdiction.

Nature of the Post-Control Arrangements

May I now turn to the nature of the post-control arrangements. Their satisfactory resolution is in some sense a precondition for decontrol. The progress we have achieved so far will indeed be short-lived if we find ourselves faced again with the same dilemmas which confronted us before controls were introduced.

Some of the issues that must be addressed in formulating an answer to this question are: (1) a monitoring agency and guidelines; (2) public sector compensation; (3) private sector labour-management relations; and (4) general economic consultations.

The AIB will be in existence during the period of decontrol and will be in a position to monitor developments as controls are removed. When its legal basis disappears with the expiry of the legislation, we believe that it would be desirable to establish a successor agency. There are indications that this would have some support in the community.

Such an agency would monitor wage and price developments in the post-control period, would assist in the process of public understanding and could express views on whether particular wage settlements and price decisions were reasonable as well

as on the more general tendencies of costs and prices. The agency might also direct attention to sectors in the economy where large increases reflect institutional or other causes that might be corrected.

While it would be possible for the agency to give advice or express public disapproval of behaviour which it regarded as clearly unreasonable in the absence of guidelines, this role could be much more effective if guidelines existed. On the other hand, there is the danger that the guideline, which would be intended to be an average, might become a minimum. Moreover, there is the danger that the guidelines would be ignored, and the agency would lose credibility.

The agency must have the power to require submission of information. Indeed we place great value on maintaining the body of knowledge which the AIB has built up. If the agency were to be vested with no other powers, it could be established under the Inquiries Act, although there may be considerable advantage in enacting special legislation. I think that it would be desirable to have agreement between ourselves on its role, and your participation in nominating members would be invaluable.

At the present time, I would not contemplate vesting any sanctions other than exposure to public opinion either in the agency or in the government. The question of sanctions might be examined further, but continued mandatory power would hardly be viewed as consistent with decontrol and would raise major questions of an economic, organizational and constitutional nature.

The role and nature of the Council on Wage and Price Stability in the United States might be noted as an example of one approach that could be taken. The primary responsibility of the Council is to monitor and analyze trends in wages, costs, productivity, and prices in both the public and private sectors of the economy. The Council has no mandatory powers.

The second issue relates to the public sector. A critical component of post-control arrangements will be the ability to offer reasonably convincing assurance that compensation in the public sector will not contribute to a new inflationary spiral, once the AIB controls are removed.

For much of the private sector, it will be argued, market forces will exert a discipline on the setting of prices and incomes. Because this factor does not apply directly in the public sector, it has been widely suggested that a form of controls should remain in force for the public sector after they have been lifted from the private sector. This would undoubtedly raise major difficulties. Nevertheless, there is a need to consider carefully whether some form of continuing restraint should be established, particularly with regard to the public sector.

Should the rate of some public sector compensation increases return to those found shortly before the AIB was established, governments might well be concerned about their ability to pay and about the demonstration effect that excessive increases can have.

In all instances, compensation decisions are decisively affected by the quality of compensation information. The Treasury Board has commenced consultations with its provincial counterparts on this important matter.

The interdependence of compensation decisions by the federal, provincial and municipal governments points to the need for co-ordinated action to harmonize basic approaches.

The Treasury Board Secretariat and the Anti-Inflation Board are now exploring in a preliminary way the means such co-operation and co-ordination between levels of government might take, including mechanisms, if any, that might be established to sustain such co-ordination.

They are exploring whether there is any consensus on the need for coordinated action. They will also explore whether there is a basis for some common commitment to follow certain general principles in implementing compensation policy. Such principles could include, among others, comparability of total compensation with the private sector where appropriate and feasible, subject to some overriding limit in the event of clearly excessive settlements. Any such action, of course, implies the willingness to accept strikes even in "essential services" if it proves impossible to obtain settlement consistent with such principles.

In addition to the possible commitments of governments to follows common principles, public sector wages and prices could be subject to monitoring and comment by any "successor agency".

For a successor agency to play such a role, it would, of course, be necessary to have rather full participation of provincial governments.

The third issue relates more generally to labour-management relations. The government will be pressing forward with new initiatives in connection with the structure of labour legislation, the practices of mediation, conciliation and arbitration, and other issues in this general area where close federal-provincial co-operation is essential. In particular, we think that the development of an improved framework of relationships in the construction industry can make important contribution to the success of the post-control policies.

Finally, since the publication of The Way Ahead, there has been some discussion of possible mechanisms for consultation on general economic issues with individuals and groups outside government. Such consultations could provide the required public understanding of economic realities on which effective guidelines have to be based, and assist in resolving the structural issues which will influence the performance of the Canadian economy. Meetings with business groups have already occurred and a meeting with the CLC was held on Monday. In discussions thus far, there has been substantial resistance to any mechanism that might be interpreted as a tripartite council with executive power. The possibility has been raised of a role for a parliamentary committee to provide a general forum for discussion of The Way Ahead and a continuing forum for public discussion of economic issues and prospects. The possibility that a reconstituted Economic Council in Canada might serve as a basis for the continuing forum has also been broached.

It is evident that we still have some way to go before we arrive at any definitive conclusions on how and when to get out of controls and what is to replace them. I would, thus, be most happy to hear any views you might have on these important topics.

THE ECONOMIC AND FISCAL OUTLOOK—SUMMARY OF REMARKS BY FINANCE MINISTER DONALD S. MACDONALD

The Economy

Fifteen months after the launching of the anti-inflation program we have more than met the first-year target for reducing inflation, but we have fallen somewhat short of our goals for growth of production and employment.

Abroad, moderate rather than strong growth is anticipated in 1977 for industrial countries. Economic stimulation is planned in the United States; Japan and Germany are in position to undertake similar measures. Such action will strengthen Canada's prospects.

Economic growth in Canada is expected to be moderate in 1977—probably picking up as the year progresses. Exports and consumer spending will lead the expansion; the restraint on government spending will hold back over-all growth.

Private forecasts of real growth in 1977, assuming no policy change, range between 3 per cent and 4 per cent. The first figure is unduly pessimistic, the latter hardly satisfactory.

A variety of measures sustained the Canadian economy through the recent world recession and continue to operate. In particular, indexing of taxes and welfare payments provides automatically the adjustments to inflation which are requiring specific action in the United States and other countries. In view of the immediate requirement to deal with unemployment, direct measures have been announced to help quickly in areas and among groups where the problem is most serious.

We may see a mixed pattern of speedup and slowdown in the inflation rate over the next few months. But a continuing slowdown of cost increases, particularly wage increases, will maintain the underlying momentum toward lower inflation rates.

The Fiscal Situation

The combined federal and provincial deficit, which has occurred largely as a result of recession and tax cuts, will show a small rise this year from the 1975-76 level of $6 billion. In the absence of new policy measures, declines in deficits could be expected in 1977-78.

With an outlook of weak growth in production and employment, there is an obvious case for measures of economic stimulus. But measures must be within the limits imposed on governments by their existing cash requirements and consistent with the current thrust of policy.

Priorities proposed in choosing measures are to encourage investment, to promote further improvement in the balance of payments deficit, to generate downward pressures on prices and to relieve areas and sectors of high unemployment.

The federal government is actively examining further measures it can take, and a federal budget is anticipated earlier than usual this year.

THE SENATE

Tuesday, February 8, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

HER MAJESTY THE QUEEN

ADDRESS OF CONGRATULATIONS ON COMPLETION OF TWENTY-FIFTH YEAR OF HER REIGN

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

> Ordered: That a Message be sent to the Senate informing Their Honours that this House doth unite with the Senate in the Address to His Excellency the Governor General respectfully requesting that His Excellency may be pleased to transmit to Her Majesty the Address of both Houses of Parliament offering to Her Majesty our sincere congratulations on the happy completion of the twenty-fifth year of Her reign, and have inserted in the blank spaces therein the words "and Commons".
>
> Attest
>
> Alistair Fraser
> The Clerk of the House of Commons

DOCUMENTS TABLED

Senator Perrault tabled:

> Copies of Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75 Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of proposed changes in certain compensation plans, as follows:
>
> 1. Direct Film Inc. and its employees represented by the Direct Film Drivers Association, dated January 21, 1977.
>
> 2. City of Medicine Hat and the Canadian Union of Public Employees, Local 46, dated January 21, 1977.
>
> 3. Perth Public Utilities Commission and its Service and Operator Group, dated January 21, 1977.
>
> 4. Transport Labour Relations, British Columbia, on behalf of its Member Companies in the propane gas industry and the Teamsters Union, Local No. 213; General Teamsters Drivers Helpers Union, Local No. 31; and Miscellaneous Workers, Wholesale and Retail Delivery Drivers and Helpers Union, Local No. 351, dated February 2, 1977.
>
> Copies of Report entitled "Comprehensive Review of the Unemployment Insurance Program in Canada," dated February 1977, issued by the Minister of Manpower and Immigration.
>
> Copies of Ordinances passed by the Council of the Yukon Territory at its 1975 Second Session, pursuant to section 20(1) of the Yukon Act, Chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1975-1418, dated June 17, 1975.
>
> Copies of Statement on the 1976-77 Canadian Influenza Vaccination Program by the National Advisory Committee on Immunizing Agents, dated February 1, 1977, issued by the Minister of National Health and Welfare.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, February 9, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

SCIENCE POLICY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Special Senate Committee on Science Policy have power to sit while the Senate is sitting tomorrow, Wednesday, February 9, 1977, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Molson: Honourable senators, I should hope, if we continue the policy of having committees meeting at the same time as the house, that some suitable announcement will be made during the sitting of the house so that the members of the press, who are not very well informed at times, will realize that the senators who are absent are attending to their other duties in committee.

Hon. Senators: Hear, hear.

• (2010)

Senator Molson: It is perfectly true that when Senator Cook made his excellent speech last week the chamber was partially

empty. But it is equally true that a committee had obtained leave from the Senate on the previous day to meet during the sitting of the Senate. Therefore, it is a matter of record that the chamber was not empty because senators were not engaged in their duties to the Senate.

I do not ask that the press report all these matters, but I do suggest that it is not the best part of wisdom, nor does it perform any useful public service, to report, as was the case here, that the chamber was two-thirds empty. The senators who had left were present for a vote a matter of 15 or 20 minutes before, when attendance in the chamber is recorded as 61. It was very easily ascertainable that senators were called to committee rooms of this building.

One can question the purpose. Is it just to pick on the Senate, or to attempt to destroy it? Whatever the objective, I say the press is doing a very poor job in reporting in that fashion.

Senator Perrault: Honourable senators, I believe Senator Molson's intervention at this time to be most appropriate. The fact that there was a one-third attendance in this chamber for an individual senator's initiative is a tribute to the quality of Senator Cook's speech.

As anyone with some experience in the other house is aware—and I invite other honourable senators who have served in the other place to confirm this—that house is fortunate to have 25 of its members in their places when a private member's motion, bill or resolution is under discussion. That fact, apparently, was overlooked by those in a position to inform the public.

I wish to assure honourable senators that the Senate is cognizant of its responsibility to participate in the national dialogue on the subject of national unity, and it is my hope that in the very near future a full debate will be held here on that subject. Without question, many honourable senators will wish to participate, and I hope that Senator Cook will again contribute in the magnificent way he did the other day.

Senator Ewasew: Honourable senators, I wish to add to this discussion because I happen to be one of the senators first mentioned in the newspaper—and so soon after my recent appointment. It was a hell of a way to start. However, I find that the Canadian Press did have the courtesy to call a certain senator to find out why, as if they were, as they say in French, "l'œil de Dieu"—the eye of God—watching you.

The fact remains that I had to absent myself because I had to meet a minister in charge of cultural affairs concerning a certain trip to Edmonton relative to the unity of this country. Unfortunately, it happened to be at the time when my colleague was making his speech and stating, from a Newfoundland point of view, certain costs to Quebec in the event of separation. But there is nothing in that damned article—excuse my expression—that would indicate that a senator does anything else but sit on his south end right here, with his north end you know where, regardless of the fact that he has devoted—as I have done—several weekends attending multicultural events in the interests of a united Canada.

I am really disappointed. As a new senator I am shocked that such reporting is so devoid of accuracy. I gave a speech today on the function of the Senate to a gathering of American and Canadian Kiwanians in Montreal. I did a tremendous amount of research, which took me a couple of weeks. I am so proud to say that I am member of the Senate. I had no idea how much work goes on behind the scenes, not necessarily just in committee but in attending weekend functions and spelling out to those concerned the problems of Quebec today. My having to depart from the Senate chamber was because of a meeting I was having with a minister of cultural affairs relevant to certain planned trips to western Canada, and not, as implied, simply to absent myself from the Senate. I compliment all senators here, and say to them, "Good job done, ladies and gentlemen, and never mind the bloody media."

As far as I am concerned, there are certain other aspects of the media that are subject to question. For example, when they happened to mention Senator Rizzuto on my left, Senator Jean Marchand somewhere down there to my right, and myself, I did not believe for one moment—I am not that naive—that they were trying to embarrass me—although they did in fact because I had numerous phone calls regarding the report. No, they were not trying to embarrass me, but obviously the Prime Minister of this country. As to that, let me honestly say that whether the Prime Minister is of my political affiliation or not, in these trying circumstances I would be tremendously loyal to him. To anyone, including the Canadian Press reporter, who would attempt to be "l'œil de Dieu", and who would try to embarrass him, let me say that this form of reporting arouses my Ukrainian Canadian animosity right down to the pit of my guts, and I say to them very frankly, "Look out in the future to make sure you report not just part of the picture, but the complete picture without exception."

Senator Grosart: I wonder if I could ask the Leader of the Government how many committees now have permission to sit while the Senate is sitting. How many committees at any time have that permission?

Senator Perrault: Honourable senators, there are extenuating circumstances which do arise from time to time.

Senator Grosart: I am not asking about that.

Senator Perrault: No, and I am not attempting to evade the honourable senator's question, either.

Senator Flynn: Not tonight!

Senator Perrault: There are approximately four committees which, from time to time, find it necessary to meet while the Senate is sitting, but I understand that in the present case there is a witness, a minister, who has made it clear that he must appear tomorrow because he has no other time available. It was, I think, a decision of the committee that they must meet him.

Senator Grosart: On that, honourable senators, I must say there was a time when I used to object to any committee's being given permission to meet while the Senate is sitting. On a recent occasion I advised the chairman of one committee of

which I am a member to ask for such permission. He did not really need it, but I said, "Get permission. Everybody else is doing it. Why not?"

We have heard some criticism of the press here because of a certain newspaper report. I think we should be a little realistic and admit that, whether there are committees meeting or not, on almost any day this Senate clears out about an hour after the sitting commences. This is a fact. I have sat here on many occasions and taken a count when there were no committees sitting, and there was hardly a quorum present.

Let us not be too self-righteous about this. If we are not prepared to stay here to the end of the sitting—and there can be very good reasons why we cannot—let us not blame the press all the time for calling the attention of the public to the fact that there are vacant seats. There are vacant seats in the other place as well. I think we are getting too self-righteous about this.

Senator Perrault: I want to make it clear that the government is not blaming the press for anything. However, the government does want to make it clear that the degree of dedication which senators bring to their responsibilities in this chamber is fully on a par with that displayed by those who serve in any other legislature in this country. There is an immense amount of work which goes on behind the scenes.

One of the most constructive reports in some time on the work of the Senate appeared in the Vancouver *Sun* a few months ago. It was written by the parliamentary press gallery correspondent, Mr. John Sawatsky. He commented on the attendance record in this chamber, and compared it to that of the House of Commons. That report was an excellent and constructive piece of writing, and one of the main paragraphs was to the effect that the author was surprised at the amount of time that senators spend in serving the Canadian people. He suggested that our efforts are fully comparable with those put forth in the other chamber. This is a point that must be made.

Senator Ewasew: Honourable senators, to complete that point—

The Hon. the Speaker: Order.

● (2020)

Honourable senators, is it your pleasure to adopt the motion?

Senator Flynn: There was no opposition to the motion. I didn't hear any.

Motion agreed to.

LABOUR

WORKER REPRESENTATION ON BOARDS OF DIRECTORS OF CORPORATIONS—QUESTION ANSWERED

Senator Perrault: Honourable senators, a question was asked by Honourable Senator Austin on February 1 regarding worker representation on boards of directors of corporations. He asked whether this matter had been discussed between members of the government and the Canadian Labour Congress at recent meetings, specifically one that had been held earlier that week.

The question of worker representation on boards of directors was not raised at the Monday meeting between ministers and executive officers of the C.L.C. The meeting was basically concerned with a review of the economy and the issue of exit from controls.

The Leader of the Government is aware of a report by Charles Connaghan, commissioned by the Department of Labour, which provides a critical examination of labour relations in West Germany with suggestions for improving Canadian labour-management relationships based on the West German experience. This report and similar reports are being used as background information in the continuing dialogue between government, business and labour, aimed at improving industrial relations.

The Leader of the Government is aware that the Report of the Committee of Inquiry on Industrial Democracy—the Bullock Report—has recently been presented to the U.K. Parliament by the Secretary of State for Trade.

CONFEDERATION

NEWSPAPER REPORT—QUESTION OF PRIVILEGE

Senator Forsey: Honourable senators, before the Orders of the Day are called, I rise on a question of privilege. In the Montreal *Star* of February 3, there appeared a report of a speech which I had given in London, Ontario, the day before, to the Canadian Club there. The report says in part—this is the part to which I take exception—

> Liberal Senator Eugene Forsey says negotiations between Quebec and the federal government on the issue of Quebec separation should be carried out before a referendum is held by the parti Québécois.

That statement is wholly false. I made no statement even vaguely resembling anything like that. Everything that I said on the subject of negotiations made it perfectly clear to anyone who was not stone deaf, or lacking in the upper storey, that what I was talking about was the problems that would arise in negotiations which might take place if Mr. Lévesque got a substantial majority for separation in his plebiscite. At no time have I ever, in public or in private, or even in thought, committed such a folly, such an idiocy, such a lunacy, as is reported in that statement.

Senator Flynn: You were very badly treated by the press.

EXCISE TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, February 3, the debate on the motion of Senator Barrow for second reading of Bill C-21, to amend the Excise Tax Act.

Hon. Allister Grosart: Honourable senators, we had a short, but very excellent explanation of this bill by Senator Barrow on Thursday, and I would have to say once again he did his

best with what, if not a bad bill, is certainly not a good bill. I say that because in the first place this is another of these mini-omnibus bills we have, and I would hope that somehow those who have the responsibility for introducing legislation into this Parliament would find a way to separate diverse items in which the government seeks amendments to bills, into separate bills.

This tendency to throw everything into the hopper at any given time is certainly anything but the most logical way to present legislation to the house. This particular bill has been described and characterized by those who sponsor it, the government and others, as one whose main thrust is energy conservation. Yet, we find in this bill all sorts of minor housekeeping items which have nothing to do with energy conservation.

I say that because surely the time has come when it is possible to separate the basic content of a bill such as this into separate bills. It will be said immediately that it is very difficult to get a lot of bills through the House of Commons. That, of course, is the responsibility of the government. However, I would suggest that in this particular case the very different items of amendment to the Excise Tax Act should have been contained in separate bills. I will say no more on that at the moment.

My second criticism of this bill is that it is an *ad hoc* approach to a problem; it is ill-thought out, with conclusions arrived at without any prior consultation whatsoever with the persons, particularly the industries, most concerned. In the conservation area its main thrust is, first of all, to provide certain measures to deter the wasteful consumption of energy, and, secondly, to exempt certain commodities from excise tax.

However, we immediately find ourselves in a position where the sponsor of the bill (Senator Barrow), and the minister in the other place, say, "Sorry, but we did not really check this out." For example, the sponsor, speaking of one of the major attempts to conserve energy—the decision to add an excise tax of $100 on air conditioners used in automobiles—

Senator Flynn: The best joke I have heard in years.

Senator Grosart: He said the government has now been persuaded that perhaps they were wrong. The same comment applies to the reduction of the weight exemptions, which the sponsor of the bill told us:

> —resulted from extensive discussions between representatives of the automobile industry and government officials. As a result of these discussions, the government has been persuaded that an alternative form of tax, based on fuel consumption rather than weight, should receive—

And I emphasize this:

> —in-depth analysis.

One would really have to ask why the in-depth analysis did not take place before this completely defective legislation was introduced.

Senator Barrow, quite properly, made the statement that there is no doubt whatsoever that the air conditioner in an automobile is a heavy user of energy, and therefore something must be done about it. Two points arise in connection with that. The first is that it is certainly not proven that an air conditioner involves a greater use of energy than existing alternatives. There is clear evidence adduced by the automobile industry that an automobile driven with the windows open to avoid excessive heat in certain circumstances actually uses more energy than an automobile driven with the windows closed and an air conditioner working. I do not intend to say which is right, but there is no clear evidence that the government is right in this, so the government plans to conduct an in-depth analysis after the legislation is presented to Parliament.

● (2030)

The second point is that the government says, "It is a dreadful, improper use of energy to have an air conditioner in an automobile, and we must do something about it." What do they do? They say, "Well, if you wish to continue this improper use, to continue to be a polluter, then you must pay a hundred bucks." Where is the rationale of saying that if a person is rich enough to afford $100, he can continue to pollute? Surely, if the pollution, and the consumption of energy, caused by air conditioners in automobiles is as great as the government tells us it is, then they should prohibit them; not make it possible for someone who is rich enough to pay $100 to continue polluting.

Here we have a bill which says, "For a hundred bucks you can obtain a licence to continue doing something that, in the view of the government, is not in the public interest." I just do not understand this approach to a problem such as this.

Then we have the question, into which I will not go in great detail, of the small manufacturers' exemptions. Senator Barrow gave us an explanation of that. This, again, is something that has not been thought out. The government has not the faintest idea whether it is doing the right thing, so much so that Senator Barrow assured us—and I thank him for assuring us, except that it is a small compensation for a bad bill—that the minister is aware of the concerns voiced in this area, and is giving them careful consideration. Surely, he should have given them careful consideration before bringing forward these addenda items in this bill.

It is true, honourable senators, that this bill had very quick passage in the other place. It was introduced, and was referred to a committee of the whole. There was not very much discussion. Some of the points I have mentioned were raised; others were not. However, we are certainly once again faced with this type of quick, *ad hoc* approach to a problem without the kind of in-depth analysis which we are now promised being given to it.

I am not taking a position for one minute that the points I have raised are factual, one way or the other, but we are faced with the government's asking us to pass this legislation, and saying, "We are not sure; we did not even think about it. Since first reading was given to the bill certain facts have been brought to our attention, and we will now give them an in-depth analysis." Is this the way to legislate in the face of a

very important problem? The conservation of energy is an important problem.

Senator Barrow told us, and quite properly, that the thinking of the government with respect to this is based on the results of a survey, and a paper which is alleged to state the energy policy of the Government of Canada. I have read that document and can only conclude that the Government of Canada has no energy policy.

Those who understand this problem will have to determine the legitimate rate of increase in energy use in Canada. There are some informed economists, and others, who say that to solve this problem the rate of increase should be zero. The government has no policy in this respect other than what it calls "targeting"—picking out items here and there, such as air conditioners in automobiles. My suspicion is that someone saw this as a source of extra revenue. There is no evidence whatsoever that this additional tax will be a deterrent. Can anyone believe that an individual who has made the decision to purchase an automobile with an air conditioning unit will be deterred by this tax of $100? That will simply not deter people from continuing that use of energy, or pollution, or whatever problem it presents.

To my mind, this is not the type of legislation which will attract any respect for the thinking behind it. It is an *ad hoc*, badly conceived, badly presented piece of legislation. There are features that can be commended, such as the attempt to get rid of some of the red tape in respect of the excise tax for small businesses. Instead of small businesses now having to apply for a rebate, they are given some consideration whereby they can avoid some of the red tape.

This bill represents, to my memory, the first piece of legislation to come before this chamber that shows a conscious appreciation by the government, or by the bureaucracy upon whom it depends for advice, that red tape places a major constraint on productivity in Canada. The government has been told that on many occasions, but this is the first time I have seen an effort to get rid of some of the red tape.

There is not much more I can say about the bill. It is not the kind of bill that indicates to me that those who are charged with the responsibility of solving these very serious problems, particularly the problem of energy conservation, are attacking them in the proper way. These are some of the major problems facing the Canadian economy today.

Senator Hicks: May I address a brief question to the honourable senator?

In his remarks he continually referred to air conditioners in automobiles as being not only users of energy but a source of pollution. Has he any evidence whatsoever that air conditioners in automobiles contribute to pollution of any kind of our environment?

Senator Flynn: They result in greater gasoline consumption.

Senator Hicks: That is not pollution.

Senator Grosart: No, I have no evidence, except, of course, that the use of energy is in itself a form of pollution. If we use energy, then we are polluting the human environment by using something that should not be used in terms of the whole problem of the ecology of the environment. That is the way in which I used that phrase.

Senator Hicks: That is a complete misuse of the term "pollution".

Senator Grosart: The honourable senator says it is a complete misuse of the term "pollution." It is very interesting that he should say that. "Pollution" is an understandable English word. One can pollute the atmosphere in many ways. One can pollute the atmosphere by breathing or by not breathing. One can say that the whole concept of pollution—

Senator Hicks: Are we to have a law against breathing, too?

Senator Grosart: —is merely the relation of the use of the environment to the human demands upon that environment.

I will not argue the point. It is enough to say, as far as I am concerned, that it has not been proved that an air conditioning unit in an automobile is necessarily a very high user of energy in comparison to its alternatives. That is enough. If the honourable senator objects to my using the term "pollution," then that again is just a matter of definition.

• (2040)

Senator Flynn: Honourable senators, I should like to pursue this question for a moment—and I am not speaking of that raised by Senator Hicks because he might appear before the committee in due course, and give his expert advice on whether when you use more gas you pollute more. I think he would prove the contrary. What I want to say is supportive of what Senator Grosart said about the imposition of the tax on air conditioners. I wonder if in committee tomorrow, if not tonight, the sponsor of the bill would be able to tell us what revenue the government expected from this tax. If I remember correctly, when the budget was tabled quite a substantial sum was mentioned as being derived from this new tax.

Secondly, I would like to know if that amount was calculated on the number of air conditioners sold in the previous year, or if a reduction was contemplated.

Thirdly, in view of the fact that we have had close to one year's experience, I would like to know how much the government has collected up to now, and whether the revenue would indicate that there has been a smaller number of air conditioners sold since the introduction of the budget. I think that information would be interesting, because we can then consider whether the decision of the government was really wise or stupid.

Senator McElman: Honourable senators, may I address a question to Senator Grosart? In view of his references to breathing and pollution, would he suggest that we breathe less or that we should tax breathing?

Senator Grosart: Having in mind the tremendous search by the present government for tax sources, regardless of the sense or sensibility of them, I would not be the least bit surprised if we were faced at some time with a tax on breathing.

Senator Flynn: There is certainly no need to put a tax on breathing on the other side of the house.

Hon. Augustus Irvine Barrow: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the Honourable Senator Barrow speaks now his speech will have the effect of closing the debate on second reading of this bill.

Senator Barrow: Honourable senators, I wish to thank Senator Grosart, Senator Flynn and Senator Hicks for their comments in connection with this bill.

Senator Grosart is in his usual good form, and I am glad to know that while this bill is not a good bill, it is at least not a bad bill.

I felt I had given a quite adequate explanation in my introduction of the bill. I hesitate to refer to it as a simple bill, but it is certainly not complex or complicated. It really refers to two items. There is the saving of energy by the imposition of weight restrictions. This was at first thought by the government to be a means by which gasoline could be saved, and so they originally decided there should be a weight restriction insofar as automobiles were concerned, and that over and above a certain level a tax would be imposed.

One of the large automobile companies took this course, and reduced substantially the weight of its vehicles. I believe two of the others made substantial changes in the equipment which they used, which appeared to accomplish the same result as the weight reduction. Because of this the government felt that it was necessary to give both options a further period of study, and this is the reason for the deferment of putting into effect the government's full intention insofar as weight reduction is concerned.

Insofar as air conditioners are concerned, a question was asked about the revenue that was estimated to accrue from this provision. I believe the amount is $7 million.

I do not have answers to the other questions asked by Senator Flynn, but I shall certainly attempt to get them for him when this bill is studied in committee.

There was much consultation between government and industry before these taxes were imposed, and I assure Senator Grosart that this is a valid attempt by the government to do something about the question of saving energy.

I do not think that there is anything more I can add at the present time, honourable senators, but it is my intention to ask that this bill be referred to the appropriate committee if it receives the approval of this house on second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, which was tabled Thursday, February 3, 1977.

Hon. Eugene A. Forsey: Honourable senators, in discussing this report, which is the first substantive report that the committee has made, one is faced with an embarrassment of riches as honourable senators will at once recognize if they look at the report as printed in the Senate *Hansard* or in the *Minutes of the Proceedings of the Senate*. Clearly I shall not be able, even if I make a tediously long speech, to cover more than a small portion of the report's statements and recommendations. I shall simply try to pick out some of the ones that seem to me to be most important. Before I do that I want to say something about the committee itself and the work that it did.

First of all it was an exceedingly good committee. It was a hard-working committee. It was an intelligent committee. It was a non-partisan committee. There was scarcely a trace of partisanship in the proceedings from start to finish and that goes back now over 2½ years or thereabouts. And I think it is noteworthy that this report which no one could really call a mealy-mouthed report—some might call it a hard-hitting report—was adopted almost unanimously. There was one dissenting voice and the dissenting voice was largely on the manner rather than the content of the report.

I should like to say also what a very valuable part many Senate members of the committee took in the deliberations. I hope we shall hear from those senators in the course of this discussion and I am certain that they would be able to add a great deal to anything that I may say on the subject and possibly to correct certain defects in my presentation of the subject.

I should like to pay tribute also to the co-chairman, Mr. McCleave, who was a most admirable chairman, who did more than his share of the work and who conducted the proceedings with tact, discretion, firmness and good humour. Also, of course, the committee was most fortunate in having the services of two extraordinarily able counsel learned in the law, learned in constitutional law, which is a rather special branch of the subject, learned in constitutional history, indefatigable and utterly fearless. All those qualities were required; all of them they possessed in abundant measure. I tremble to think how the committee would discharge its duties if it were deprived of the services of these counsel. If that misfortune should ever happen to us, then I think it is safe to say we should be in a very difficult position indeed. It would be very difficult to get anybody else who had the same qualities as our present counsel, and even if by great good fortune we found them we should probably have to provide them with a much larger amount of money for their work, and it would take them something like a year at least, I should say, to find their way

through the mystic moorish maze, the labyrinth of the regulations and statutory instruments which come before us all the time.

● (2050)

Some people may wonder why it is that it is only now, after something like two and a half years, if my memory serves, that we are bringing forward this substantive report. Some people may say, "You have this immense document which is very hard for people to follow because of its size. Why in the world couldn't you bring these things forward sooner?" Well, there are a variety of reasons for that. Some of them will appear in what I have to say later. One reason is that we had the most extraordinary housekeeping difficulties: getting our arrangements made; getting a quorum in the first place; getting the money that was required; getting the equipment that was required; it was a gargantuan task.

I wish that I had kept a record of the amount of time that I spent on the telephone, writing letters and interviewing officials to get the things that we required. Some of the housekeeping difficulties were utterly fantastic. We had great difficulty, for example, and I believe we are still having some difficulty, in getting copies of certain parts of the *Canada Gazette*. I think that copies which come to me go on or are passed on by my secretary to counsel for the committee.

We had difficulty in the first place in getting copies of the Revised Statutes of Canada. We had difficulty after difficulty after difficulty. We had delay after delay after delay. This went on through a considerable part of our proceedings.

Another feature of the thing was that while some departments were extremely good and very cooperative, answered our questions very fully and with reasonable promptitude, others were extraordinarily slow and others were evasive, while others were really obstructive. I shall come to the particular department which was notably obstructive before I am finished. Some, of course, simply treated us with a majestic and impenetrable silence.

Senator Flynn: Name it right away.

Senator Forsey: No, no, no. I want to preserve the suspense. I am sure the Leader of the Opposition is a reader of thrillers, and it would be a shame to have the clue to the thing presented to him too soon.

Senator Benidickson: Do it in serial form.

Senator Forsey: I want to emphasize the vital importance of this committee. Somebody said to me the other day, when I was being interviewed on the air about it, "Why in the world is it that all this stuff that you have brought out, these horrendous revelations of illegalities, flagrant illegalities, why have they not been discovered sooner? Why haven't members of the Senate and House of Commons got on to them sooner?" Well, I think the answer is that the volume of the material is so enormous and the time which is available even to members of this house, let alone to members of the House of Commons, for scrutinizing this vast mass of documents is so small, that it is really impossible to do the job unless you have a committee which is specifically dedicated to this particular job and which is provided with the kind of distinguished counsel which we have.

We get enormous masses of stuff. Usually at each meeting we have a pile of documents, oh, six or eight inches high. Some of these are quite inoffensive. They are scrutinized, of course, first by our counsel who draw our attention to anything which they think is open to objection on any of the grounds listed in our 14 criteria, criteria, I may add, which were adopted of course by both houses. Sometimes, of course, members of the committee spot something which has escaped the eagle eye of counsel, but, in general, we find ourselves faced with a fair number of documents, sometimes very complicated indeed, each one very complicated indeed, a fair number of documents on which our counsel have careful and sometimes elaborate and prolonged memoranda for us. And it is by no means easy to do this task, even though we ordinarily meet once a week while the two houses are sitting and once a month during any recess.

It is a job which is completely beyond any ordinary private member of either house, and I do not mean by "ordinary" ordinary in intellectual capacity, but any member of either house who has not an enormous battery of counsel, research assistants and so forth at his disposal. It is a specialized job, a very highly specialized job. The law involved is a very highly specialized branch of law.

And so, as we did not want to do a scamped job and we wanted to be fair to the regulation-making authorities, even where it took a long time to get replies from them, we proceeded with due deliberation and did not try to jump the gun on anybody or come before either house with a premature report on particular instruments which we thought were defective or objectionable; and especially we did not want to come before the houses and find that somebody would say, "Well, if you had given us a little more time, we could have explained that to your satisfaction and you would not be taking up the time of the house with this superfluous dissertation on something we could have made plain to you if we had just been given a very little more time."

I particularly hope that all the lawyers in the house will read this report very carefully, because there are parts of it which I think will tell more to the eye of the lawyer than they will to the eye of the non-lawyer. There are certain parts of it which I myself find it rather difficult to follow as precisely and as thoroughly as I should wish, simply because I have not had the legal training. I therefore hope that this discussion which I am initiating tonight will not suffer the sad fate of the discussion which I tried to initiate on the proposals for patriation of the Constitution last session, when I made my speech and hoped that that would stir others better informed than myself and more competent; and my speech sank like a stone into a barrel of tar and just slowly disappeared without producing one single whisper or squeak from any other member of this house; although one particular member learned in the law had said to me beforehand that there was a very serious point which ought to be made, which I had tried to make rather sketchily, and then he actually said to me some months afterwards that it

was a great pity that nobody had got up and made this point thoroughly. And I said, "Well, really, senator, you know, there is one person who might have done it. He is sitting opposite me at this table, and I thought you were going to do it and I was highly disappointed that you did not."

Well, I hope the members of the legal profession in this house on this occasion will read the report carefully and give us the benefit of their views.

I venture to think that this kind of report, which after all is really an attempt to vindicate the liberties of the subject, to vindicate the rights of the ordinary citizen, is something to which the Senate should give very special attention. I do not think that perhaps people in the country at large realize how much we do in the way of protecting the interests of the ordinary citizen, and we do it in committee after committee after committee, tidying up untidy legislation, clarifying obscure legislation and making sure to a considerable degree that the ordinary citizen is not put to a lot of needless expense and trouble simple because of the obscurity or untidiness of legislation which comes before us. And the subordinate legislation which now reaches into every nook and cranny of the citizen's life is fully as important in many instances as the substantive legislation enacted by Parliament itself. As we all know, Parliament nowadays in many matters can simply pass an act which is a sort of framework, and the details of the affair and the carrying out of the thing must be looked after by regulations or statutory instruments of some kind. And if you look at the list even of the ones which are cited in this report, you will see that they are of extraordinary range and extraordinary depth and extraordinary volume and that they touch on one issue after another of really primary importance.

● (2100)

I think that one of the things we can do in this house, where we have perhaps rather more time, rather less pressure upon us, and rather less tendency to become partisan, is to consider carefully reports of this kind, carefully and critically, not necessarily simply with profound admiration or genuflection before the wisdom of the committee, or its counsel, or its chairmen, or anybody else, but critically, carefully, so that we can make sure that the citizen is adequately protected against abuses of this enormous mass of subordinate legislation.

The task which this committee is performing is a new one in Canada. It has not been done here before, at least in the Parliament of Canada. There have been some committees—I think they are still in their very early stages—in some provincial legislatures. Work of this sort has been done by a committee or committees in the United Kingdom for a very long time, I think since about 1932. Work has been done in Australia, certainly, for some considerable time. About New Zealand I can't speak with the same assurance. But in Canada this is something new, and this, of course, means that the committee's task is perhaps more formidable than if we had been at it for a long time and if everybody in the departments, for example, and on the various boards and commissions had been accustomed to the thing. At present they regard us as a novelty. Some of them, I suspect, regard us as an obnoxious novelty. Some of them wish we would just go away. But a novelty we are and they are not accustomed to us, and accordingly sometimes I think they treat us with less seriousness than I think the matter deserves.

I want to say just a word about the criteria which we followed. I want to make two things very clear. One is that we are not concerned solely with the *vires* of the instruments which come before us. That is an important point. We want to be sure that these powers in subordinate legislation are used within the confines of the enabling sections of legislation which empower the various authorities to make the regulations or statutory instruments.

This is terribly important and has been a very large part of our work. Over and over and over again we have been obliged to question the *vires* of instruments which come before us. Over and over and over again they have appeared to us to be wholly illegal, beyond the powers of regulation-making authority. Sometimes the authority has been able to convince us that, in fact, they are *intra vires*, within its powers, but in a great many cases they have not been able to convince us, and in a great many other cases they have replied with something that I shall come to in more detail later, what I call the recorded message.

When we say, "Now why do you think this is within your powers? We don't think it is. It doesn't appear to us to follow the terms of section so and so under which it purports to be passed." In a great many cases we have had the reply, "The answer to this question would involve a legal opinion which, as you know, I am not allowed to give." We had that so often that I came to call it the recorded message. In one letter we actually had it five times over. We had five questions, "Why do you think this is *intra vires*? We don't think it is." "That would require the giving of legal opinion which, as you know, I am not allowed to give; that would require the giving of legal opinion which, as you know, I am not allowed to give"; and so on.

Now we seem to be within sight—I dare not say more—of some amelioration of the situation. You will find something in the report on that.

I hope that we are going to get better results. I hope that the measures which the Minister of Justice is proposing will give us better results. But this has been one thing that has held us up and made it very difficult, because nearly all the instruments officers in the various departments are employees of the Department of Justice. There are few who aren't. From them we have had excellent cooperation. But the ones who are employees of the Department of Justice, relying on a letter from the deputy minister, which is part of our records—I am not revealing anything secret—relying on a letter from the deputy minister, which for obscurity and ambiguity is perhaps as great a masterpiece as even the late Mr. Mackenzie King was ever able to achieve, relying on this letter from the deputy minister, have come out with "We can't answer that; we are bound; we are employees of the Department of Justice; we cannot give you a legal opinion." We have said, "Well, we don't want the text of a legal opinion."

Senator Flynn: Ask Senator Langlois. Senator Langlois was always able to get an opinion from the Department of Justice on the constitutionality or verity of any bill. He should be able to help you.

Senator Forsey: We have had it in Committees of this house. I have listened to it myself. Anyway, this is what we got: "Oh no, we can't do that. If the department wants to give you the substance of this"—If you ask for an explanation, they say, "Oh yes, if the receiving department which has got the thing wants to give you the substance, that is all right. But, of course, there is the confidentiality." Then comes another cloud of verbiage which I for one found myself completely unable to understand, the substance of which really boiled down, as far as I could make out, to a version of "Hang your clothes on a hickory limb but don't go near the water."

For a long time we were held up on this kind of thing. We discussed it with the minister, we discussed it with the deputy minister, we went over and over the thing, and we "ever more came out by that same door wherein we went." Well, now we have at last got something which looks as if it might possibly—and I am qualifying it very carefully—might possibly get over the worst of the difficulties we have had in this regard.

But we are not solely concerned, although we are very much concerned, with the question of *vires*. We are very much concerned with a variety of other matters such as the comprehensibility, the clarity, of the subordinate legislation, the instruments which come before us. We think they ought to be as comprehensible as possible to the ordinary citizen, that it should not be necessary for him to hire high-powered legal talent to find out what the things mean. We think they should be free of contradictions, which they are not always. We think they should follow the language of the act and not simply change the wording, which they sometimes do, at the whim of expert translators, for whom we have the greatest possible respect but who, after all, are not entitled to change the words of acts of Parliament.

We are also concerned, of course, with whether the subordinate legislation makes an undue or unexpected use of the powers granted by Parliament—something which may be *intra vires*, within the powers granted, but something which we suspect may not really have been intended by Parliament. We feel at liberty to draw the attention of both houses to that kind of thing.

We are not concerned with policy. If it's a matter of government policy, even if some of us are not enthusiastic about the policy, that in this committee is not our affair. That is perfectly clear. But we are concerned both with the *vires* and with matters like undue trespassing upon the liberties of the subject, retroactive legislation, where there is no provision in the statute for retroactivity, and so forth and so on.

The next point I want to make is that one of our difficulties has been the extraordinary obscurity and arbitrariness of the definition of the statutory instrument contained in the Statutory Instruments Act, section 2(1)(d).

We have not yet been able to find any lawyer who can give us a clear interpretation of that, and it is absolutely vital because it is the means by which the officials have attempted to prevent us from seeing various documents which we think we are entitled to see. They say "No, no, that is not a statutory instrument." "Well, why not?" "Because section 2(1)(d) of the act says thus and so thus and so" at infinite length and with infinite involutions and convolutions.

We took the matter up with the Department of Justice, and we got a reply, or several replies, from the legal adviser to the Privy Council Office. As you will see, if you look at one of the appendices to the report, it is a reply which is not only incomprehensible but which is self-contradictory, and which leaves the committee very seriously hampered in its efforts to examine many documents which we are quite persuaded it was the intention of Parliament we should have the right to scrutinize.

We see no solution to that problem except a redrafting of the definition section. There are various things you could do to tinker with it, but none of them would be satisfactory. What we ought to have is a simple definition with clearly expressed exceptions. There are certain documents which certainly we ought not to see—ones dealing with national security and that kind of thing. It is perfectly easy to draw up a list of these exceptions, but to make sure by the definition that otherwise all subordinate legislation comes before this committee.

What we find now is that in the opinion of the legal advisers of the Privy Council Office there must be certain magic phrases in the legislation if the thing is to be called a statutory instrument. So if the legislation says, "The Governor in Council may by order," ah, that's a statutory instrument; but if it says, "The Governor in Council may do," without the words "by order" or by "by warrant" or by this, by that or by the other thing, that is not a statutory instrument. The magic phrase is not in there. Of course, in many instances, we find that things which even the Privy Council Office and the Department of Justice admit to be statutory instruments never get to us at all, because they are not necessarily published. There is a whole maze of difficulties there. In some instances we have come across what are undoubtedly and admittedly, even in the eyes of the Department of Justice, statutory instruments, simply because, when we have been inquiring about one thing of one department, another department has said, "Oh yes. Well, these are just like what they have in such and such a department." And they say, "Oh yes. Yes. We have some. Would you like to see them?" But they have never been published. We stumble, as our counsel said, as the report says, across some of these things. We come across them by accident, and the fact that you have this magic formula which must be invoked to give us jurisdiction means that you have two sections of the same act, one of which puts in the magic formula, and the other of which doesn't, and you have a pair of instruments which are identical in terms, but one of which is a statutory instrument, and the other is not. One has been brought in under the magic formula and the other has not. And you have a tissue of inconsistencies which make it

extraordinarily difficult for us to do our work. The only way out of this is to get a firm, clear, brief definition with firm, clear, specific exceptions of a kind which all of us would admit to be necessary.

● (2110)

Now, the next thing we have run into is a great deal of sub-delegation. Even I, with my lack of legal training, have long been aware of the maxim, *"Delegatus non potest delegare,"* or whatever the proper Latin phrase is.

Senator Flynn: We get the gist of it.

Senator Forsey: I bow to the classicists, and especially the civil law lawyers here. But we all know what that means, I hope. A delegate cannot delegate. If a power is given by Parliament to the Governor in Council, the Governor in Council in our judgment has no right and no power to say, "The inspector of the tiddly-winks factory, or the groom of the backstairs, shall make regulations." If the power is given to the Governor in Council to make regulations, the Governor in Council must make the regulations, and there should be no sub-delegation. The documents which come before us, however, are full of sub-delegations, and the usual excuse given for them is that our statutes are replete with the word, "respecting." "The Governor in Council—or the board, or the commission—may make regulations respecting," such and such, and the Department of Justice takes the line that that is like "in relation to" in the British North America Act. But our reply is, "That phrase in the British North America Act applies to Parliament or to the legislatures of the provinces, sovereign in their spheres as this Parliament is sovereign within its sphere, and it does not apply to subordinate legislation." Subordinate legislation is subordinate, and a regulation-making authority has no right to assume that he has the same plenary powers as Parliament.

We all, if we have any acquaintance with constitutional law at all, will recall the dictum of the judicial committee in *Hodge vs. The Queen* that the provincial legislatures and, of course, the Parliament of Canada, within the limits of subject and area prescribed by the British North America Act, enjoy authority "as plenary and as ample as the Imperial Parliament in the plenitude of its power possessed and could bestow." The delegates of Parliament, however, do not enjoy authority as plenary and as ample as the Imperial Parliament in the plenitude of its power possessed and could bestow, though many of the officials act as if they did, and they insist that they have this right. The word "respecting" does not occur in United Kingdom statutes. This is a thing of our own invention here in Canada, and our committee feels that it is highly undesirable that this word should continue to be employed in our statutes, as long as the Department of Justice takes this high-handed attitude that a mere official can assume the powers that have been granted by Parliament to the Governor in Council or to a specific board or commission.

Now I come to one of the real gems of our experience. Before I was ever in high school I learned that the dispensing power—the power to dispense with the provisions of a law—had been made illegal by the Bill of Rights of 1689. I learned that one of the things that cost James II his throne was that he assumed the power to dispense with laws and to make exceptions from the laws for particular persons or particular groups. I know I learned this before I went to high school because I remember the book I read it in, and I have never looked at that book since I went to high school. Nonetheless, a very high personage indeed, in a letter submitted to the committee, described what we were saying about the dispensing power as "a novel legal theory." Novel! It has been a part of the constitutional law for nearly 300 years. When we drew attention to the fact that they were trying to exercise this dispensing power, trying to mount the throne which James II had been obliged to vacate, we got the most extraordinary series of replies. For the benefit, however, perhaps, of those who may not be aware of quite what the dispensing power involves, I had better give examples.

In the Parole Act, there is a provision that the parole board may exempt any class or category of persons from certain provisions. That is perfectly clear. We all see that. But lo and behold, what comes before us but special parole board order No. 1. "Jacques Leblanc is hereby exempt from the provisions—" of such and such. We said, "But you can't do this. Jacques Leblanc is not a category or class of persons." I suppose anybody from Moncton might have said, "Oh, well, he is, because his name is legion." As somebody said to me once, "Les Leblanc sont une tribu." But in this case it was a particular Jacques Leblanc, and it was a hard case. We all know that hard cases make bad law, but here was an instance. He was a hard case. He had been involved in a murder with several juveniles who had got rather light sentences, but he got a sentence that the authorities considered rather disproportionate. They said, "Poor fellow, he's getting the short end of the stick," so they passed this special order exempting him.

We said, "But if you want to do this you have a perfectly recognized legal way of doing it. You can exercise the royal prerogative of mercy and commute his sentence. You can give him a pardon. You can give him a conditional pardon. You can do a variety of things that are perfectly legal, but you cannot do this." "Why not?" "Because it's the dispensing power." They said, "Well, what's that?" So our counsel said to them, "It's something that was made unlawful by the Bill of Rights of 1689."

Thereupon he got a series of telephone calls from legal officer after legal officer in various departments saying, "What's this? We've looked in Mr. Diefenbaker's Bill of Rights, and we can't find it." Our counsel said, rather disgustedly, "No, it's not in Mr. Diefenbaker's Bill of Rights." They said, "Well, where is it? Is it in the American Bill of Rights?" We said, "No, its not in the American Bill of Rights." "Well," they said, "what is it?" We said, "It's the Bill of Rights that followed the glorious revolution of 1688." "Well," they said, "what revolution was that?" Our counsel then read them a little lecture in constitutional law and constitutional history. One wonders where these people went to get their constitutional law. One is inclined to suspect that in Canadian law schools now, too often, constitutional law means simply the division of

powers between the Dominion and the provinces, and just neglects the whole English seventeenth century, which established the rights of Parliament as against the arbitrary powers of the Crown.

However, our counsel, as I say, read them a little lecture, and then some of the legal officers came back with this: "The Bill of Rights of 1689 is no part of the law of Canada." When I heard this reported to me over the telephone I nearly hit the ceiling. I said, "What nonsense. Of course it's part of the law of Canada."

Well, our counsel argued with them and after awhile they climbed half way down. They said, "All right. We can't dispense with the provisions of a statute, but we can dispense with the provisions of a validly enacted instrument or regulations." We said, "No, you can't. There's plenty of jurisprudence to show that subordinate legislation is just as much law as the substantive legislation by virtue of which it is passed. You cannot dispense."

We have another example of this—another beautiful and flagrant example. I think it is in sections 19 and 20 of the Navigable Waters Protection Act, where there is a provision that, I think, the Governor in Council may exempt any stream, lake, river or body of water from certain prohibitions of dumping refuse. Well, that is perfectly clear. That's all right. I think the provision for exempting rivers, lakes, streams or bodies of water is in section 21. The provisions about dumping, which are otherwise mandatory, are in the two preceding sections.

What do we get but a regulation or instrument of some kind—I've forgotten just what now—saying, "Denison Mines Limited is hereby exempted from the provisions regarding dumping of waste in the area shown on the attached map of the Department of Transport." Well, we said, "Look: you can't do this. In the first place, Denison Mines Limited is not a river, lake, stream or body of water. In the second place, the exemption which is provided for is an exemption for anybody dumping things in a particular river, lake, stream or body of water. And in every previous order of this kind the river, lake, stream or body of water has been defined with great particularity. Not just 'take a look at the attached map.' So a valid order could say anybody can now dump this refuse, anybody at all. But a valid order cannot say Denison Mines Limited. This is completely *ultra vires*. This is an exercise in dispensing power which cost James II his throne." We have not yet, I think, convinced these gentry, these "latter day Stuarts," as one constitutional law professor called them—we have not yet convinced them that they do not possess the power to dispense with the provisions of valid subordinate legislation. We are still fighting that one, and we intend to go on fighting it, if it takes all summer, as a celebrated American general said, and, indeed, from past experience, I fear it may take several summers, and that eventually I may leave this place simply by the operation of natural circumstances, at the age of 75, finding that the battle is still only partly won. I do not like to be pessimistic, but after some of the experiences we have had, I am not at all optimistic.

• (2120)

The next point I want to draw attention to, I shall simply mention and leave it to honourable senators well acquainted with the situation to deal with at some length, as they see fit. That is the practice of enacting substantive legislation by appropriation acts, sometimes by $1 items, of which we have made many complaints in this house, and the series of subordinate—pieces of subordinate legislation which often follow from that, where it requires the industry and ingenuity of really a battery of lawyers, you might say, to find out where the authority for a particular order or an instrument comes from. You trace it back, you find it is the appropriation act of a certain year which refers to a previous appropriation act, which refers to another one, which refers to another one, such and such a vote in an appropriation act, eight or ten years back, perhaps, and you look in the vote and you cannot find it, and you ask the department and they say, "Oh, it is in the estimates." Not even in the vote. But you have to look in the estimates, and sometimes the things they do in this way are far-fetched beyond description. There are some specific examples of it in the report. I shan't enter into that because it is a matter which lawyers would be able to handle much better than I. It is extremely complex. It would take a long time, and we have reported our opinion that this is an improper way of providing for subordinate legislation. That is perhaps hardly more that an echo, a resounding echo of much that has been said on this subject in this house.

Then there is a final section in our report which I think is exceedingly important, Section W. In Great Britain, as honourable senators, most of you, at all events, probably know, in a great many instances, when subordinate legislation is enacted, there is provision that it shall not come into force without an affirmative vote in the House of Commons within a certain period of time, or that it shall go out of effect if there is a negative vote in the House of Commons within a certain period of time. So that this gives Parliament a certain chance to see that the thing either never goes into effect if it is improper in any way, or objectionable in the opinion of Parliament, or that if it has gone into effect, it goes out of effect promptly, if Parliament considers that it should not remain in effect. We have nothing of that sort here, except, I think, in about eleven statutes and we are convinced that it would be desirable to have this much more general in Canadian statutes. At present we never see these things until after they have gone into effect, sometimes long after they have gone into effect, and sometimes, even when they have gone into effect, we never see them at all because they are not published, and there is no requirement that they should be published, and sometimes they are published only if the Clerk of the Privy Council is of opinion that in the public interest this document, though perhaps not a statutory instrument, ought to be published. This is thoroughly unsatisfactory, and we think that one way of getting over this difficulty and giving Parliament more control over subordinate legislation would be to follow the British practice, perhaps not in every instance, but in many instances, giving Parliament a chance to look at

the thing before it goes into effect, or look at it immediately after it goes into effect, and stop it.

Now I want to say just one main thing further, and that is that, as honourable senators will already have gathered from some of my earlier comments, this committee has uncovered some glaring illegalities, things that I wouldn't have believed were possible if I hadn't actually seen them in front of me. Sometimes I felt almost as if I could not believe my eyes, that the thing I was looking at could not be possible, that it was a hallucination; as one of Wodehouse's characters said, "one of those things, chaps, that begin with 'H' ". But we had some perfectly beautiful glaring illegalities.

● (2130)

One of them is still under discussion, and that is section 7(2) of the Public Service Regulations. I shall not go into the details, although I can do so if necessary, or somebody else can take it up, somebody learned in the law. What it amounts to is this, that we got a certain amendment, a new subsection (2) of section 7 of the regulations brought before us; we examined it and arrived at the conclusion that it was beyond the powers of the Public Service Commission. We drew this to their attention. We had a prolonged argument about it. They finally admitted that it was beyond their powers, they admitted it was *ultra vires,* they admitted it was illegal.

They also added in their letter on the subject that there was a difficulty about dealing with this because similar regulations had been adopted, presumably over a long period, and that the totality of these illegal regulations would affect thousands of cases. Sometimes when we say "thousands" we use it in a vague, rhetorical and hyperbolical sense. I am quoting directly from the letter of the commission, "thousands of cases." Thousands of officials have been appointed, by express confession of the Public Service Commission, illegally; they have been receiving their pay illegally; they have been getting fringe benefits illegally; they have been dispensing public money and taking public actions illegally.

We said that there was only one way to cure this, and that was by a retroactive act of indemnity, by Parliament passing a statute which says these various illegal actions shall be deemed to have been legal at the time they were committed, even though in fact they were not. We put this to them and they gave us to understand that amendments to the act were being considered and something might be done about this. While this discussion was going on I happened to meet the former controller of the treasury, Herbert Balls, at lunch somewhere, and said, "I think we are going to have an act of indemnity, the first in Canadian history." He said, "Oh no, there have been at least three acts of indemnity. I will send you an article on something else which draws attention to this."

In the early years after Confederation there were three acts of indemnity because the government, under pressure of emergency circumstances, acted illegally in order to meet the threat of the Fenian raids. So we have had acts of indemnity. They have had them, of course, in Great Britain. There was the celebrated occasion when Mr. Ramsay MacDonald came before the House of Commons and said, "I appear in a white sheet because we have acted illegally and I ask the house to pass an act of indemnity indemnifying Dr. Drummond Shields against the consequences of having broken a certain act of Parliament." Of course, he got his act of indemnity.

There is no question that an act of indemnity here would go through like winking. But apparently the government wants to put it in one of these omnibus bills covering all sorts of amendments, and it is not coming forward. All the Public Service Commission is prepared to do is to say, "Look, we will now make these appointments under section 39 of the act"—which means that in future they could make appointments of this sort quite legally; they did not use section 39 before—"We hope this will be satisfactory." When it came up to the committee I said, "As far as I am concerned it is not satisfactory at all, because this has no effect upon the illegal regulations that have been promulgated before, clearly, a great many of them. This defect cannot be cured except by a retroactive act of indemnity by Parliament, and there is no sign of that yet."

I may say to honourable senators that if the government is not prepared to bring forward a bill of indemnity to rectify this situation, I propose to introduce a bill of indemnity into this house to legalize what has been done, in perfectly good faith, and harmless in itself, to legalize what has been done illegally by the Public Service Commission over a long period of years. I suppose at this point some of the great experts on the rules will say that I cannot do that, but I can see no obstacle to it, and I think this is one case where the Senate could perform yeoman service in doing something which apparently the government is not inclined to hurry itself about, at least. I do not think this kind of glaring illegality should be allowed to continue one moment longer than is absolutely essential.

There is a second example of glaring illegality. It is a minor thing in itself, but fraught with consequences of the most dreadful kind, because you can always say, "If this shall be done in the green tree, what shall be done in the dry?" If you once open the door to illegal actions, then you have a precedent and the officials will come forward and say, "What are you objecting to? This is established practice. This is a long-standing Canadian tradition. Nobody has ever objected when we have done it before." This second example has to do with the Post Office lottery, on which there was a regulation or instrument of some kind providing for prizes. Among the prizes were airline tickets. We looked at the thing and said, "You can by a slight stretch perhaps of a certain section"—I think it is section 52 of the Financial Administration Act—"give away government property. We are not by any means sure that this is exactly what Parliament intended, this thing you are doing. However, perhaps it will do. But the airline tickets are not part of Her Majesty's property. You cannot give away airline tickets unless you have bought them. Where did you get the money to buy them?" You cannot put in a regulation, "Let us give out airline tickets as prizes." We have not got any kind of satisfactory answer to that. I think they are still shuffling their feet on that one, if I remember.

Now comes the real gem of the collection. Back in 1974—and I have got the exact reference here—it was necessary in an emergency to dispose quickly of certain feed grain. They set up a committee to do this. They did not pass, but they should have passed, regulations providing for the establishment of the committee. Instead they just set up the committee, and the committee made rules and disposed of the grain. One year and twelve days afterwards, regulations were passed providing for the setting up of the committee—one year and twelve days after! The committee had had no legal existence at all when it was set up, and it had proceeded to act without any legal warrant whatsoever to dispose of feed grain before it had any legal existence. We could hardly believe our eyes when we saw this.

Senator Benidickson: Did the Auditor General note that one?

Senator Forsey: I don't know whether he noted it or not. Anyway, there it is. If you want the reference you can find it in our proceedings, number 67, page 30, April 8, 1976.

When we addressed remonstrances to the official concerned he said, "Oh, but there was an emergency. We had to do this," he explained. We said, "Yes, it was an emergency. But what passes our comprehension is, if they could find the people to sit on the committee—and they evidently did—and the committee could meet, which it did, and take certain action, which it did, why on earth could they not have drawn up the document providing for its existence? Why on earth did they have to wait a year and twelve days to draw up the document which made this whole thing legal, which of course is not retroactive?"

This kind of thing simply sends the shudders down one's spine. One wonders if one is living in a country governed by the rule of law, or whether these "latter-day Stuarts" to quote that phrase again, have not simply arrogated to themselves powers which really even the Crown never possessed, or has not possessed for many centuries. This is the kind of thing that I find really frightening.

I don't know that there is any ill intent in these things. I think in most cases the people concerned are perfectly honest and decent people. In some instances they pass regulations which do not provide for any hearing for an aggrieved party, or don't provide for any right of appeal, and sometimes they say to us, "Well, we have never had any difficulty. We have never had anybody complain of our decisions. True, we have arbitrary power, but we have never had a complaint so we don't need to worry about it." This is simply not good enough.

We have therefore drawn up a long series of recommendations, which come at the conclusion of our report, which are intended to deal with these problems we have encountered, and very serious problems I think. In most cases I suspect the officials are just people who have no knowledge of basic constitutional law and no sense of the place of law in society. They are efficient technicians; they want to get the job done. They see something that urgently requires to be done and they have never heard, or never paid any attention to, St. Paul's exhortation, "Let all things be done decently and in order." When you get things done indecently and in disorder, even admirable things done illegally, you are opening the door to tyranny; you are opening the door to the return of something like a Stuart despotism; worse however, because it is by a myriad of minor officials in many instances, or sometimes major officials.

● (2140)

I conclude by saying that I think the Senate has a special responsibility in this to look after the public interest and to look after the interest of the ordinary citizen. At some point in her reign, I cannot say exactly when, the first Queen Elizabeth addressed her judges in terms which I shall quote in a moment and which I think can be applied to members of this house:

> Have a care over my people. You have my people—do you that which I ought to do. They are *my* people. Every man oppresseth them and spoileth them without mercy; they cannot revenge their quarrel, nor help themselves. See unto them, see unto them, for they are my charge. I charge you, even as God hath charged me.

Senator Goldenberg: Will the honourable senator allow a question? Am I right in concluding that what the committee is complaining of—and I am aware of some of the complaints—has been going on for many years and is not a matter of merely recent history? Am I right in that?

Senator Forsey: Yes, Senator Goldenberg, although on this we are to some extent surmising, because our jurisdiction, as honourable senators are aware, begins with January 1, 1972. Orders and regulations and instruments which were passed before that, we have no jurisdiction over, but in a good many instances we have strong suspicions that this has been going on for some time, and in the case of that Public Service Regulation 7(2) it is perfectly plain on the confession of the commission that it has been going on for some time. It is hoped that within a few months there will be issued a new consolidation of the regulations. I think it will involve some 10,000 regulations, or some large number like that, and then, all those things having been, as it were, re-passed, they will come within our purview and the imagination boggles at the task which the committee counsel and the committee will have in examining these regulations. But I greatly fear that they will show that, in fact, some of these practices have been going on for some considerable time.

Senator Lang: I wonder if I might ask the honourable senator a question? There is possibly a second line of defence against these latter-day Stuarts, and that is recourse to the courts. In the course of the deliberations of the committee, did you find any instances in which those affected by regulatory powers had challenged their *vires* through recourse to the courts?

Senator Forsey: I do not recall any, honourable senator. I know of cases in which it has been done, but I do not think they came before us. I speak subject to correction and other members of the committee may remember some cases, but we did not have very many. But one of the points we make in the report very strongly is that it should not be necessary for the

citizen to have to go to the courts, sometimes with great difficulty and at great expense, simply because of defects in statutory instruments, simply because of their obscurity or their ambiguity or because there is no provision for a proper hearing or for an appeal. In some instances in the present state of some of these cases of subordinate legislation the recourse to the Federal Court under, I think it is, section 28 of the Federal Court Act would be perhaps very difficult. Indeed, one point we make is that the citizen ought not to be obliged to go to the courts in order to get his rights. They should be safeguarded as far as possible in the drafting of the legislation itself.

I know, however, that there have been cases in which people who have been illegally dismissed, for example, have gone to the courts and have won their cases. I happen to have as my lawyer Mr. Maurice Wright, Q.C., who is also the lawyer for the Canadian Labour Congress, and he has given me cases within his own experience which amply support the kind of thing we have run into. For instance, there was one case of a man in the Northwest Territories who had a probationary period of six months, and at the end of eight months he was dismissed. So he went to, I suppose, his union in the Public Service. Anyway, the case came to Mr. Wright and he took it to the courts and he won his case and won costs, which were considerable, by the way, as the Department of Justice insisted on the case being heard in Vancouver on the ground that it had several witnesses to call in Vancouver. It called exactly one. He won his case and the argument put forward there by the Public Service authorities was: "Well, our right to dismiss him is based on . . ." I think it was Bulletin No. 12. "Well, let us see Bulletin No. 12," said the court. So they produced Bulletin No. 12 and it turned out that they had no more power to pass Bulletin No. 12 than I have. It was just totally illegal. So the gentleman was restored to his position.

Then, of course, there was the case of Mr. Rudnicki, with which everyone, I hope, is familiar—a lamentable exhibition, incidentally. Then there was a further case, where a gentleman applied—and this also came to the courts; Mr. Wright took this and won it—a gentleman applied for a position in accountancy in one of the departments; in National Revenue, I believe. There was a competition and he won the competition and was streets, miles ahead of everybody else. He got the job and after he had been there a certain length of time—this may have been where Bulletin No. 12 came in; I have forgotten now. They are, perhaps, mingled in my head. Anyway, he got the job and after a few months there was a competition for a better job, for which he felt he was qualified and he put in an application for it. They said, "Oh, no; you cannot do that, because you have to be a full year in the job before you can apply for another one." Yes; that is where Bulletin No. 12 came in; I have forgotten what they invoked in the other case. "Who says so?" The answer was: "Bulletin No. 12 says so." It turned out that Bulletin No. 12 was not worth the paper it was written on; it was completely *ultra vires*; it had no legal basis whatsoever. What they did, however, was to take the man who had come in second in the previous competition, who was way, way behind the previous man and plunk him into the job. So this case also was taken to the courts and was also won by Mr. Wright, with costs.

In one of these cases there was a very curious sequel. The court said, "This man is entitled to certain money" and the government would not pay him. So Mr. Wright had to go back to the Federal Court and say, "What about this? We thought we had got this." In fact, when he made his application, Mr. Justice Heald, I think it was, said to him, "Mr. Wright, I cannot understand this; I thought this court had already pronounced on this case." "Yes, my Lord," said Mr. Wright, "you are being asked to sit in appeal on your own judgment." They got the money eventually, but it took two cases in the court, and we do not feel that this kind of thing should go on; that these people should be able to play ducks and drakes with employees of the public on the basis of something they dreamed up out of their own inner consciousness, which has no legal basis whatever.

Let us by all means provide for recourse to the courts; that is indispensable. But let us also provide for proper procedures under legislation and under subordinate legislation so that the citizen will not be obliged to have recourse to the courts at great difficulty and expense when he should not be.

Senator Robichaud: May I ask a question of my esteemed colleague and friend, Senator Forsey? Before I frame my question, I would like to congratulate him on a report extremely well done, and his report tonight on the report. If there are ambiguities, anomalies, grey areas in the report itself, there certainly were none in the remarks made by Senator Forsey tonight.

There was something, though, that puzzled me a little. I understood at the outset of his remarks that the committee almost condemns the practice of a government's passing legislation that would have retroactive effect, although I understand that that was routine under a government in the province of Quebec prior to 1960. I disagree with that policy myself, of passing retroactive legislation. However, during the course of his remarks under one point he said that something had been done by the government illegally over a number of years, and he intended to introduce legislation himself to correct a situation that was illegal which would involve, of course, passing legislation which would have retroactive effect. How do we reconcile the two? I am simply asking for clarification.

• (2150)

Senator Forsey: I think the reconciliation can be achieved simply by my making clear what I was saying. I probably hurried too quickly over this. When I talked about retroactive effect being one of the things that we examined by our criteria, I was talking about subordinate legislation. We look at a particular piece of subordinate legislation, a particular instrument, to see whether it has retroactive effect and, if so, whether Parliament has provided for retroactive effect. If Parliament has provided for it, that is fine; we have nothing further to say, because our Parliament, unlike American legislatures, has the power to pass laws having retroactive effect, and this is, on occasion, very necessary, though it should be used, of course, with discretion. But subordinate legislation, we

contend, should not have retroactive effect unless Parliament has specifically provided for it. If Parliament says that the Governor in Council shall have power to make regulations having retroactive effect to such and such a date, fine; we have nothing to say about that. Parliament has decided, and it is not our business to comment on Parliament's decision. But if Parliament merely says that the Governor in Council may make regulations, and there is nothing about retroactive effect, and then we find that a regulation purports to have retroactive effect, we say, "Here, you can't do that; you have not got the power to do that. That is *ultra vires*." On the other hand, when it comes to a piece of subordinate legislation which is clearly *ultra vires* which Parliament never gave the commission power to pass, to adopt, then we say the only way out of this is a retroactive act of indemnity validating retroactively the illegal acts which took place. I think there is a difference there. The power to pass retroactive legislation, the power of Parliament or a legislature to pass retroactive legislation, is undoubted, and it is not the affair of this committee at all. If such a piece of legislation comes before us in this Chamber, we may say, "We think this is an inappropriate instance of using this power," but it is a perfectly valid thing. But if you get a piece of subordinate legislation which purports to be retroactive when in fact Parliament has given no power for such retroactive instrument, then we object, we take objection. I do not think there is any inconsistency between these two positions. I expressed myself probably in too summary a fashion in my first reference to it. I think that is what gave rise to the misgivings which, very naturally, occurred to the honourable Senator Robichaud.

Senator Benidickson: Honourable senators, could I, too, ask a question? First, I should like, without repetition, to join in the compliments extended by Senator Robichaud to the joint chairman of the committee.

Senator Forsey drew particular attention to paragraph "W" appearing at page 291 of the *Minutes of the Proceedings of the Senate* of Thursday last, which relates to paragraph 142 of the report. That paragraph deals with the recommendation that we in Canada should use more the British practice of making both affirmative and negative resolutions. I have in mind the *Canada Gazette*. I do not believe Senator Forsey made reference to this particular publication, a publication upon which a number of us rely from time to time for notice of some of these regulations and statutory instruments.

Could you briefly explain to us the function of the *Canada Gazette* in respect of those matters on which it does inform members of Parliament and in what instances certain statutory instruments are not brought to our notice in a publication of this authority?

Senator Forsey: To give a very shortened and sketchy answer to that—I think there is something in the report specifically dealing with it—the substance of the thing is this, that not all statutory instruments are required to be published. Some of them get published in one part of the *Canada Gazette* and some in another part of the *Canada Gazette*. Sometimes, if you want to find out exactly where they came from or what they mean, or what they are amending, you are told, "Well, look up the index in the *Canada Gazette*," and the experience of our counsel is that in many instances it is extremely difficult to find in the *Canada Gazette* what you are looking for. Sometimes it just isn't there, and sometimes it is exceedingly hard to find.

It is quite true that a large number of statutory instruments, the majority of them, I think, are published in the *Canada Gazette*. Some are simply not published, and we discover them only by accident, quite apart from the ones which we are told we cannot see because, in the opinion of the law officers, they are not statutory instruments. One of our recommendations, by the way, is that there should be some body set up here, such as the Statutory Instruments Reference Committee in the United Kingdom, which shall have power to say what is and what is not a statutory instrument, because now, of a great many things, like the special immigration guidelines, for example, we are told, "You can't see them. They are not a statutory instrument. You have no right to see them."

We strongly suspect that they are a statutory instrument and that we ought to see them, but we have no means of getting at them unless the Department of Manpower and Immigration graciously permits us to see them, which it will not do. These are things which, in our judgment, from what we have heard of them, and especially from members of the committee who have had immigration cases in the courts, these are things which may have a very profound effect upon the rights and liberties of the subject, upon the conduct of the immigration officers, and upon the rights of *bona fide* immigrants coming into Canada. There are many things like this where it really depends upon the goodwill of the department whether we see them or whether we don't, and if we cannot see them, how can we tell whether they are, in our opinion, statutory instruments or whether they are not? We are not even saying that we should have the last word about it, but we do say that we think we should look at them, and we say there should be some body like the Statutory Instruments Reference Committee in the United Kingdom set up by Parliament which can pronounce, "This is a statutory instrument; that is not. You see this; you don't see that." But this is one of our great difficulties. There are a whole host of what we suspect, at least, to be statutory instruments which we cannot see, and there are lots of others which are there but which are not required to be published and which we see only by the grace of God or by some accident, or because somebody, as I said earlier, in a certain department says, "Oh yes; yes, yes, yes, we have some like that. Oh, would you like to see them?—Here they are." And another department, "Oh no; no, no, you cannot see that. That is not a statutory instrument. None of your business. Keep out."

Senator Rowe: Honourable senators, it occurred to me that the Joint Committee on Regulations and other Statutory Instruments involves the law and the Constitution perhaps more than any other committee of the Senate. Are copies of the reports of this committee routinely sent to the deans of law

schools, for example, across Canada, and to legal bodies of one kind or another that exist?

Senator Forsey: I do not know how many of them get copies of the reports. I think most of the university libraries get these things. I have had correspondence from them. I don't know how many deans of law schools get them. I can assure you that I personally am going to see to it that a number of professors of constitutional law and a number of other legal luminaries get copies of this report, if I have to send them out addressing the envelopes with my own hand, because I think it is highly necessary that this kind of thing should be brought to the attention of these people and that they should realize that there is a great deal more to constitutional law than simply the division of powers between the dominion and the provinces. There is apparently a state of blissful innocence reigning in many high quarters on what the basic constitutional law of this country is.

Senator Rowe: When you attend to the distribution of this report to these various bodies, I suggest that you include with it a copy of your speech this evening.

Senator Forsey: I am grateful for that kind word.

Senator Grosart: Ten o'clock.

On motion of Senator Godfrey, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 9, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

PARLIAMENTARY DELEGATION FROM VENEZUELA

The Hon. the Speaker: Honourable senators, it gives us great pleasure to welcome a parliamentary delegation from Venezuela, now in the gallery, and to wish them the best of luck.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Senator Perrault tabled:

Statement of the Chartered Banks of Canada showing Revenue, Expenses and Other Information for the financial year ended October 31, 1976, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

EXCISE TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-21, to amend the Excise Tax Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Barrow: With leave, now.

Senator Grosart: Next sitting.

Senator Barrow moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CANADA-VENEZUELA RELATIONS

CONSTRUCTION OF RAILWAY LINE IN VENEZUELA—QUESTION

[*Translation*]

Senator Flynn: Honourable senators, before putting my question to the Leader of the Government, I would like to say that I was given the opportunity on Sunday and today to accompany the delegation from Venezuela and I found this a most pleasant experience.

It was pointed out that our visitors and ourselves had broken the ice in Quebec City last Monday aboard the ice-breaker of the Department of Transport and since then, the atmosphere has been gradually warming up.

• (1410)

[*English*]

The presence amongst us today of a distinguished delegation of parliamentarians from Venezuela prompts me to ask of the Leader of the Government if he has anything to report on the present negotiations between Venezuela and Canada concerning the building in that country of a railway line for which we would also provide the rolling stock. I would hope that he has only pleasant news.

Senator Perrault: Honourable senators, Canada and Venezuela have enjoyed a long and friendly association in matters cultural and economic. The Venezuelan government is at the present time reviewing a number of proposals with respect to the construction of that important railway in Venezuela. Canada remains hopeful that favourable consideration may be given to the Canadian bid. We feel confident, however, that negotiations will continue in the friendly context of Canada-Venezuela relations, and we are very optimistic about the future.

TRANSSHIPMENTS OF OIL

PACIFIC COAST PORTS—PUBLIC HEARINGS—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have the reply to a question asked by Senator Austin on Thursday, February 3, concerning the transshipments of oil. The question, if I may review it briefly, was with respect to the transshipments of oil from the Alaska port of Valdez either to the British Columbia port of Kitimat or to the British Columbia port of Vancouver. The honourable senator asked:

> —whether the government has yet decided to hold hearings with respect to the environmental aspects of oil transshipments by tanker and, specifically, whether the government intends to appoint a commissioner under the Inquiries Act to hold those hearings so that those communities along the British Columbia coast which might be affected may have the opportunity of putting their views forward and, as well, hear expert opinions on the matter in public.

The facilities for the navigation of tankers and the question of the off-loading of oil, the transshipment of oil from the port of Valdez to a Canadian port is presently the subject of discussion between the Department of Transport and the Department of Fisheries and the Environment. The government favours public hearings to make sure that all the facts are on record. Discussions are now proceeding between the departments as to what the parameters of these public hearings will be. The government is in the process of seeking out experts and advisers who can undertake and direct these hearings. It is hoped that the hearings can commence as quickly as possible.

Senator Austin: I should like to ask the government leader whether the hearings to which he is referring are to be hearings by public servants or hearings by someone appointed from outside the public service.

Senator Perrault: The indication at the present time is that a person of eminent qualifications from outside the public service and outside the arena of Parliament, outside the political arena, will head this inquiry. However, it still remains to be established whether this will be an informal inquiry under the direction of such a person or whether it will be a more formal inquiry at which major briefs will be invited and considered.

Senator Austin: Will the terms of reference of the inquiry to which the leader is referring cover navigational problems and problems involving the nature and character of the ships to be allowed into British Columbia ports, as well as questions relating to the possibility of environmental danger or disaster in the event of spillage?

Senator Perrault: Honourable senators, it is expected that all these important concerns will be part of the terms of reference of the inquiry.

CANADA-UNITED STATES RELATIONS

AGENDA FOR DISCUSSIONS BETWEEN PRESIDENT OF UNITED STATES AND PRIME MINISTER OF CANADA AT WASHINGTON—QUESTION ANSWERED

Senator Flynn: Honourable senators, I wonder if the Leader of the Government has had an opportunity to convey to the Prime Minister Senator Austin's request with regard to the topics that should be discussed when the Prime Minister visits the President of the United States. The leader's intervention would not have been necessary except that Senator Austin no longer holds the position he used to hold and hence can't speak to the Prime Minister as easily as he used to.

Senator Perrault: Honourable senators, as I pledged at the time of the question, I have acted to communicate to the Prime Minister's Office the concern and proposals expressed by Senator Austin, who has never had any difficulty at all in communicating in his own right with any office in Ottawa.

Senator Flynn: I suppose he considers that the Leader of the Government is in a better position than he, and I wanted to be sure of that.

Senator Perrault: Honourable senators, I feel Senator Austin was merely seeking additional allies to reinforce his very logical and constructive proposal. I suggest that the Leader of the Opposition may wish to add his support by also writing a letter.

Senator Flynn: Writing letters is not very efficient, I have found.

Senator Austin: Honourable senators, to satisfy Senator Flynn, I would say that in the old days I did not want the subject matter of my comments to be made known, but today, somehow, I seem to want that.

WESTERN EUROPEAN UNION ASSEMBLY

TWENTY-SECOND SESSION, PARIS, FRANCE—DEBATE ADJOURNED

Hon. Jack Austin rose pursuant to notice of December 13, 1976:

> That he will call the attention of the Senate to the second part of the Twenty-Second Session of the Western European Union Assembly, held in Paris, France, from 29th November to 2nd December, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

He said: Honourable senators, I had the great privilege of representing the Senate of Canada as a parliamentary observer at the second part of the Twenty-Second Ordinary Session of the Western European Union Assembly, held at the Palais d'Iena in Paris, France, from November 29 to December 2, 1976. The Canadian delegation of three included the Honourable Stanley Haidasz and Mr. Frank Oberle representing the other place.

On December 2 last, Senator Bélisle reported to this chamber on his attendance at the first part of the Twenty-Second Ordinary Session of the Western European Union Assembly which was held in mid-June, 1976. He has provided this chamber with a detailed and useful background on the origins and present nature of the Western European Union Assembly, and accordingly it will not be necessary for me to cover those matters again. It will suffice for me to remind honourable senators that the Western European Union Assembly is composed of parliamentarians from Belgium, France, The Netherlands, Italy, the Federal Republic of Germany, Luxembourg and the United Kingdom. There are 89 representatives from these seven countries, and parliamentary observers are invited and traditionally present from other so-called "western" countries.

It is important that honourable senators understand what the Western European Union Assembly is not. It is not a meeting of governments in the sense of ministers. It is not a meeting of governments in the sense of an ambassadorial meeting. It is not a meeting of high, middle or low level civil servants representing their governments and countries. The Western European Union Assembly is a meeting of parliamentarians representing themselves and their respective political

parties wherever those parties might be in the spectrum. The responsibility for remarks made at the Assembly meetings remains that of the individual parliamentarian, and is not attributable to views expressed on behalf of his country.

● (1420)

As this was the first meeting of parliamentarians from many countries which I had attended, I found the experience of watching that interplay both facinating and valuable. While I have attended many international meetings as a senior civil servant representing the official views of my government, I had never before had the opportunity of watching an international group of parliamentarians discuss issues which their various countries held in common—although, of course, the views expressed by parliamentarians, whether from the same country or different countries, are rarely held in common.

The enormous value of the Assembly, to my mind, is in the experience of comparative parliamentary practices. These parliamentarians, coming as they do from quite different legislative experiences, are learning to work together in what for each of them is a brand new parliamentary process. Out of it, unquestionably, will come important contributions to the practices and procedures of a parliament representing some future "United States of Europe."

A further advantage is that these parliamentarians get to know one another, thereby giving each the opportunity to establish relationships which will allow, at the parliamentary level, for discussion of European affairs. The consequence of this development for European stability and economic growth should not be over-emphasized or under-appreciated. The process of constructing a more coherent European community is anything but easy; there will be many disagreements and fallings-out. But, as European parliamentarians gain greater insight into one another's problems, as they develop the habit of seeking a consensus representing a more European rather than national outlook, the benefits for the citizens of Europe and, indeed, for all nations adhering to and advocating western values will be enormous.

As Senator Bélisle mentioned in his earlier report, the Western European Union Assembly, under what is known as the Modified Brussels Treaty of 1954, has a particular responsibility assigned to it respecting the defence of Western Europe. The Assembly was born in the tensions of the post-war world. While it has no executive power over defence matters, it does have the power of review in respect of the state of German rearmament, the state of the presence of foreign troops in Germany and, in general, the relationship between the non-Communist and the Communist nations of Europe. It is, in fact, an international parliamentary assembly with competence in defence matters, and flowing out of this area of jurisdiction the Assembly sees as its responsibility the examination of a number of collateral issues to Western European defence, which is illustrated by the agenda for the second part of the Twenty-Second Ordinary Session. That agenda covered discussions on European union, Western Europe's policy towards Mediterranean problems, European security and East-West relations, anti-submarine warfare, European oceanographic activities, European energy supplies, and relations with European parliaments.

I found both the addresses and the ensuing discussions on many of these items both instructive and fascinating. While I do not intend to go into great detail at this time, I would be pleased to provide those honourable senators interested with copies of the documents, reports, and other materials, which I brought back from Paris. For the general interest of honourable senators, I shall touch on the highlights of the discussions.

Among the central concerns of the parliamentarians present was the subject of a future Western European union. The aspirations of some of the parliamentarians involved a restructuring of such organizations as the Council of Europe and the European Economic Community, all to be absorbed into a European parliament.

There was a good deal of discussion concerning the decision of the European Council, under the Treaty of Rome, that its nine member countries should hold elections for the establishment of a European parliament.

The major event towards Western European union in 1976 was a report to the Council of Nine by the Belgian Prime Minister, Leo Tindemans, on the future of European union. The only real decision taken pursuant to the Tindemans report was that taken on September 20, 1976, when the ministers representing the common market countries decided to establish an elected European parliament by universal suffrage. Much of the discussion concerning this item related to the difficulties of direct elections in various of the member countries. In addition, there was disappointment expressed on many occasions during the meeting of the Assembly over the fact that no practical steps had been taken toward Western European union. Many were concerned that the Tindemans report would, in large part, be shelved rather than debated and given serious consideration. A further concern expressed related to the future of the Western European Union Assembly which, under the Tindemans report, would be phased out, with its responsibilities passing to the European parliament.

It is clear that progress towards greater cohesion in political and defence fields in Western Europe has largely been limited. European parliamentarians recognized that the economic difficulties of 1974, 1975 and 1976 in Europe, brought about by the energy crisis and problems of financing world trade, were largely responsible for slowing down the European Community's progress. For example, in the early 1970s there seemed to be some prospect of economic and monetary union, but the energy crisis did much to distort the relationship of European currencies one to the other, and has left little current optimism for even the working of the so-called currencies "snake"—that is, the relationship of European currencies to the Deutschmark—and no optimism at all at the present time for overall monetary union. Settlements in many other aspects of the European economy, particularly in the agricultural sector, have been disturbed by gyrations in the rates of various European currencies. Accordingly, the general feeling was that the state of lack of progress towards European union was not brought about by ill will towards the concept, but by real

problems encountered in the economic and political situation in Europe and the world.

With respect to the European parliament, there were very difficult decisions to make regarding the number of seats that each country should have, and how those constituencies would be described. Questions as to whether, in the first instance, those European parliamentarians would be elected by their national assemblies, and questions as to whether those European parliamentarians could also be national parliamentarians, were raised, and, of course, questions about the actual electoral procedure and the procedure to be adopted within the European parliament. The settlement of many of these questions has been left to discussions during this year and next year and ultimately, if not settled, to the European parliament itself.

It should be remembered that the establishment of the European parliament requires ratification by the legislatures of each of the nine countries. Some European parliamentarians feared that there might be problems in their own parliaments in gaining such approval. Many fear that their own national assemblies would require greater and more detailed knowledge of the degree to which they were expected to confer any national legislative competence on the European parliament. I think we can expect to hear much from Europe in the next several months on this question of the possible encroachment of the proposed European parliament on the national prerogatives of the legislatures of the countries to be represented.

The members of the Western European Union Assembly in general believe that the role of the Assembly will continue for the time being. The European parliament, when it is formed, will represent the electorate of its various countries, but the Western European Union Assembly will continue as a forum for discussion among parliamentarians of the national legislative assemblies in Europe, and will continue with its specific authority to deal with matters of European defence.

The continuity of the Western European Union Assembly, in the minds of its members, appears to be based on the belief that no European parliament will be given responsibility over Europe's defence for a long time to come, and that the establishment of a common foreign policy is a precondition for the establishment of a common defence policy in Europe. Bearing in mind the economic rivalries which exist in any important political sector—for example, energy—a common foreign policy as such seems a long way off indeed. Therefore, I believe the Western European Union Assembly will pursue its present activities until such time as a European union actually exists in the fields of economic and general political policy including foreign policy.

Let me draw from this discussion on Western European union and its problems some lessons for Canada. There are some in this country who are arguing for a very different kind of political process for Canadians. They point to the European Common Market as something desirable, as something attractive, as something effective. They say Canada would be better governed, bearing in mind its regional differences and its economic and political rivalries, if we were a common market in which decision-making would be undertaken by negotiation amongst its various constituent parts and not through a unified national parliamentary process.

● (1430)

Honourable senators, none of such arguments about a common market for Canadians in substitution to our Confederation have ever had appeal to me, but as I sat in the Western European Union Assembly I found myself wishing that any who entertain such notions seriously could be present to see the lack of coherence, lack of cohesion, lack of direction and enormous loss there from much that is currently the state of the political and economic process in Europe.

Let me be absolutely clear that the Treaty of Rome and the European Common Market which flows from it are an enormous advance over what existed before. I totally subscribe to the development of common political, economic and social institutions in Europe. But let us realize our great fortune in that we are, in political, economic and social terms, where western European countries and their peoples aspire to be but realize they will not be for yet a long time to come. They are in the process of creating institutions of common interest, of common decision-making, which in their very existence here in Canada we take for granted. They have no way of agreeing on a common foreign policy; we do. They have no way of agreeing on a common monetary policy; we do. They have no way of agreeing on matters of trade interest to the Union as a whole; we do. They have no way of pursuing common policies to develop their agricultural policy, their industrial community or their financial institutions; I hope we do.

Our common method is the Parliament of Canada. It is the House of Commons and the Senate which represent all of the people and all the regions of this country. Granted, there are times, many times, when we do not discharge our responsibilities to the Canadian people as effectively as we should or as we would like to. However, Canadians through their Parliament have a say in their common destiny, and have a collective security arrangement in an economic and social policy as good as that which exists in any country in the world.

Honourable senators know that much of the difficulty which faces our national unity is based on the distances between our various communities in this large country, and in the size and nature of our population. But in spite of all the constraints which the Canadian nation suffers, we have in Canada a success story as a nation which I would exchange with none other in the world. If Europe and its member nations should ever come together in a confederation which works as well as Canada's, then Europe will, as a single entity, be one of the great communities of the world. That possibility I would welcome, confirming as it would the enormous values which civilization, as it has developed in Europe and is practised throughout the free world, has conferred on those who live within its boundaries and will confer, I believe, on the world in general. I am speaking of values related to the worth of the individual, and the rights of the individual in society.

Honourable senators, with your leave I should like to continue my address on the Western European Union Assembly

tomorrow, if possible, or at a time convenient to the Senate, at which time I will deal in some detail with the problems of defence, energy and matters of European and Mediterranean security.

On motion of Senator Austin, debate adjourned.

NOTICE OF COMMITTEE MEETINGS

Senator Langlois: Before the house adjourns, honourable senators, I should like to remind you that there are two committee meetings scheduled for this afternoon. The Special Committee on Science Policy and the Standing Senate Committee on Agriculture are both meeting at 3.30 p.m.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 10, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

HER MAJESTY THE QUEEN

ACKNOWLEDGMENT OF JOINT ADDRESS OF CONGRATULATIONS ON COMPLETION OF TWENTY-FIFTH YEAR OF HER REIGN

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received the following communication from the Administrative Secretary to the Governor General.

GOVERNMENT HOUSE
OTTAWA

February 9, 1977

Madam,

The Governor General has directed me to convey to you the text of the following message which he has received this morning from Her Majesty The Queen:

> I am most grateful to the Senate and House of Commons of Canada for their kind and loyal Joint Address on the 25th Anniversary of my accession as Queen of Canada. I shall be most grateful if you will convey to both Houses an expression of my gratitude and appreciation for this Address which I deeply value.
>
> Elizabeth R.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Committee on the Operation of the Abortion Law, dated January 1977, issued by the Minister of Justice and Attorney General of Canada.

Copies of Joint Agreement in Principle by the Minister of Energy, Mines and Resources, Premier of Nova Scotia, Premier of New Brunswick, Premier of Prince Edward Island on the Establishment of a Maritime Energy Corporation.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 15, 1977, at 8 o'clock in the evening.

Before the question is put, I should like to provide honourable senators with the information I now have as to the program for next week.

Dealing first with committees, on Tuesday at 2:30 p.m. the National Finance Committee will meet to continue its inquiry into the estimates of the Department of Public Works. On Wednesday at 9:30 a.m. the Banking, Trade and Commerce Committee will meet to continue its study of the white paper on Canadian Banking Legislation, and at 3:30 p.m. on Wednesday, or when the Senate rises, there will be a meeting of the Agriculture Committee to continue its inquiry into the Canadian beef industry.

On Thursday the Standing Senate Committee on National Finance will meet at 9:30 a.m. to continue its study of the estimates of the Department of Public Works, and the Agriculture Committee will continue its inquiry into the Canadian beef industry at 3:30 p.m., or when the Senate rises. The Standing Joint Committee on Regulations and other Statutory Instruments has called a meeting for 3:30 p.m. on the same day.

My information is that the House of Commons will vote on the motion for the third reading of Bill C-22, the income tax bill, on Monday next, and it is expected that it will be before the Senate for first reading on Tuesday evening. In addition, the bill respecting metric conversion is expected to come to us next week.

• (1410)

There will be further debate next week on the consideration of the second report of the Joint Committee on Regulations and other Statutory Instruments, and also on Senator Bonnell's motion to refer the subject matter of his inquiry with respect to transportation in Canada to the Standing Senate Committee on Transport and Communications. In addition, on Tuesday evening Senator Marchand will call the attention of the Senate to certain fundamental problems which preoccupy Canadians; namely, problems of labour relations in the country and certain related problems of economic order.

Motion agreed to.

TRANSPORTATION

USER-PAY POLICY—QUESTION

Senator Bonnell: Honourable senators, I should like to direct a question to the Leader of the Government. I read in the local newspaper of Prince Edward Island, the Charlottetown *Guardian* of February 8, 1977, that the Minister of Transport, Otto Lang, had stated that the user-pay policy is now a thing of the past and that it is government policy now that that shall not be the policy of transport any more in Canada.

I also read in the paper that the Minister of Transport is prepared to make an amendment to the transportation bill before the house, stating that regional developments shall take priority over economic viability in transportation matters in Canada.

Could the Leader of the Government table for us the written statement, if there is such a statement, or confirm the statement to us in this house, if it was a verbal statement, so that we can know for sure that, indeed, that will be the policy of the Government of Canada in the future? We in Atlantic Canada were most upset over the old policy, which somehow or other had become construed to mean that everybody paid the full cost for transportation, and apparently that is no longer the policy of the Government of Canada.

Senator Perrault: Honourable senators, I will act immediately to determine the nature of the comment attributed to the minister. I shall, therefore, take the question as notice, in the hope that further detailed information can be provided.

EXCISE TAX ACT

BILL TO AMEND—THIRD READING

Senator Barrow moved the third reading of Bill C-21, to amend the Excise Tax Act.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Jacques Flynn: Honourable senators, I just have one or two words to say. This bill was before the committee yesterday, and I think the record should show that, generally speaking, the members of the committee were not impressed with the evidence that the proposed taxes on cars with air conditioners would, as a device to save energy, in fact accomplish that purpose. The point was made that air conditioners in cars were not really the cause of that much fuel consumption, especially as opposed to the consumption of fuel by air conditioners in buildings with sealed windows. In fact, I think the suggestion was that there could be a saving of fuel if windows were kept open during certain months of the year instead of being sealed for 12 months of the year. Senator Manning also indicated, and it was not refuted, that this tax, in addition to being not particularly efficient, is blatantly discriminating. It would be equally inefficient, I suggest, for taxes on cars to vary directly with the weight of those cars.

In any event, the department indicated that it was attempting to determine whether it was right when it decided to impose such taxes. Apparently, both taxes were the result of brainwaves on the part of people who had no real knowledge of the facts. It seems obvious that the taxes were designed more to convince people that they should try to save fuel rather than to accomplish any real and worthwhile saving.

Motion agreed to and bill read third time and passed.

WESTERN EUROPEAN UNION ASSEMBLY

TWENTY-SECOND SESSION, PARIS, FRANCE—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Austin calling the attention of the Senate to the second part of the Twenty-second Session of the Western European Union Assembly held in Paris, France, from 29th November to 2nd December, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.—(*Honourable Senator Austin*).

Senator Austin: Honourable senators, I wish to stand this order until later this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order Stands.

TRANSPORTATION

EFFECT ON DIFFERENT REGIONS OF CANADA—MOTION TO REFER SUBJECT MATTER TO TRANSPORT AND COMMUNICATIONS COMMITTEE—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Norrie, that the subject matter of the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to transportation in Canada, whether by land, by air or by sea, especially as it affects the different regions of Canada, be referred to the Standing Committee on Transport and Communications.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to Senator Rowe.

Hon. Frederick William Rowe: Honourable senators, recently we were informed by the Government of Canada that it was its intention to set up a royal commission to study transportation problems in Newfoundland. What I have to say today, very briefly, I hope, will have a bearing on the studies that that commission will undertake. A few years ago a royal commission was set up by the government of the day to study transportation in all of Canada. The report of that commission, named after its chairman, is known as the Report of the MacPherson Royal Commission on Transportation.

I should give the house a little background information on that commission. It was appointed in 1959 on the recommendation of the then Prime Minister, the Right Honourable John G. Diefenbaker. The commissioners were Murdoch A. MacPherson—who became chairman when Mr. McTague, gave up the chairmanship because of ill health—Mr. A. Herbert Anscomb, Mr. Archibald H. Balch, Mr. René Gobeil, Mr. Howard Mann, Mr. Arnold Platt, and, as I indicated earlier, Mr. Charles T. McTague. That commission brought in its report in three stages and in three volumes, and it is to Volume II that I would draw your attention. It was tabled in the House of Commons on January 23, 1962.

● (1420)

The men who made up that commission comprised a distinguished group of Canadians. They came from various walks of life and from different professions. They had one thing in common, for which I was thankful, and that is that none of them was a Newfoundlander. I do not say that critically, but when they brought in this report I was then Minister of Highways for Newfoundland, and, like many other Newfoundlanders, I was happy that no Newfoundlander was on that commission, because it might have been argued that he had influenced the commission in its findings, which were not only of great interest to Newfoundland but also of great significance—at least, we hoped.

I wish to take a few minutes to read some short extracts from the report of the MacPherson Royal Commission on Transportation. They decided, in their wisdom, to devote a special section to the needs and problems of Newfoundland. The following are some extracts from the report:

> The Commission has examined the transportation problems of the island portion of Newfoundland with great interest. Because of its geographical position and stage of economic development, it has peculiar transportation needs unlike the other settled parts of Canada.

A few pages further on in the report that view is repeated. They reiterate the fact quite often. Obviously, they were anxious to impress on the rest of Canada, and on the Government of Canada, the view which those six men, none of them Newfoundlanders, had arrived at after studying exhaustively, over a period of several years, transportation all over Canada.

Having traversed Newfoundland and studied it at first hand, they repeated their conclusion. Here is another quotation:

> The situation in Newfoundland is a special case distinct from the rest of Canada.

There are no two ways about that. There is no way that anyone can avoid understanding the point they are making. The report continues:

> Furthermore, despite the progress that has been made—

Senators will recall that we had become a province in 1949 and they were writing this in 1961.

> —the lack of adequate inland transportation continues to result in inadequate resource development and costly and unsatisfactory distribution of supplies.

They made a point along the way, to which I shall refer later.

> At the time of union, the federal government agreed to maintain an all-year transportation link—

I emphasize their words.

> —an all-year transportation link between North Sydney and Port aux Basques.

In another part of the report, speaking of Newfoundland, they say:

> Because of the lower level of the economy as compared with the rest of Canada, and because of its geography, transportation costs are high and the people concerned cannot yet assume the full cost of moving goods from the mainland to the Island.

Further on:

> The situation in Newfoundland is such that it may prove necessary in the short run to limit competition, to favour by subsidization or special treatment one mode against another—

And note this, honourable senators:

> and to do other things that would be totally unacceptable in other parts of Canada.

Further on:

> In summary the movement of goods from mainland Canada to Newfoundland will have to be subsidized for the foreseeable future.

I would judge from that that when Mr. Lang spoke about the user paying it he either had not read or had forgotten this statement in the MacPherson report.

> Because of this, the Government should use its broad powers to see that insofar as possible all goods are moved at the lowest possible cost.

That is, all goods to Newfoundland. In another part of the report:

> No part of Canada has prospered until it had good transportation facilities.

The commissioners, not talking about Newfoundland, went on:

> The history of Canada is replete with examples of massive public spending on transport facilities such as canals, railways and more recently highways and airports. Indeed the dollar value of such investment continues to rise. There is no question that the economy of Newfoundland cannot develop at a satisfactory pace without more transportation facilities.

I am getting towards the end of my quotations from the MacPherson report. Another one reads:

> A highway network of the size necessary is beyond the present resources of Canadians in Newfoundland. The situation calls for assistance by the federal government, and there are enough precedents for such a program. Public works to stimulate the economy of a province or an area have been a continuing part of national policy in Canada. For example, assistance in constructing power

plants and irrigation systems as well as transportation facilities in all parts of Canada can be cited.

Then they come back to this point again:

What canals and locks did for the economy of the central provinces, what the trans-continental railways did for the prairies, highways can do for Newfoundland.

We are convinced that such a program is in the national interest. It would stimulate the economy of the Island with attendant benefits to the rest of Canada. All this could be accomplished in a comparatively short time.

These are the findings with respect to Newfoundland of the MacPherson Commission set up by the Diefenbaker government in 1969.

I am glad, as a Newfoundlander and a Canadian, that the present federal government has decided to set up a special commission to study transportation problems in Newfoundland, because in many respects things have gone from bad to worse since the MacPherson Commission made its report in 1961.

After refreshing our minds on this report, the question that obviously comes to mind is: Did the Canadian government implement the report? The answer is an unqualified "No." We started building the trans-Canada highway in 1950. We were building it on that Procrustean bed formula that I have talked about here before, on a 50-50 basis, in spite of the fact—and I am going to repeat this argument—that I demonstrated to the complete satisfaction of the then Minister of Public Works, now our colleague Senator Walker, and to the satisfaction of apparently everybody else who studied the paper I submitted here in Ottawa, that the burden of building the trans-Canada highway was sixteen times heavier on the average Newfoundlander, on the 50-50 basis, than it was on the average citizen of Saskatchewan.

● (1430)

Eventually it became apparent that Newfoundland and certain other provinces were building their share of the highway, not in a substandard way but to the minimum standards permitted under the agreement rather than to the maximum standards. There was, of course, a very significant difference between the standards as to width of highways, width of shoulders, climbing lanes, curves, grades, thickness of pavement, and so on. When that situation became apparent, it also became obvious that with the fantastic increase in highway traffic that was taking place, parts of the highway would virtually disintegrate within a few years. At that time the Government of Canada came into the picture again and enabled Newfoundland, New Brunswick and other parts of Canada to complete their sections of the highway on the basis of a 90-10 formula. With that, Newfoundland, in common with other parts of Canada, was enabled to complete the highway within a reasonable length of time. Without that assistance we would have dragged on almost indefinitely. There was no way that we in Newfoundland—and I think the same is true of two or three other provinces—could have completed the highway to maximum standards within a reasonable time without having to deprive other public services—such as health, education, welfare and so on—of the money that they needed to maintain acceptable standards.

While the Diefenbaker government, which was in power at the time, did not implement this particular recommendation of the first royal commission report, it did introduce other measures, notably the Roads to Resources program, which were highly acceptable. My point, however, is that the MacPherson commission, over and over again, said that Newfoundland required special treatment in addition to any national program, whether it be the 90-10 formula, Roads to Resources, or anything else, in view of the tremendous number of obstacles and problems the province faced and having regard for its population. The DREE program was of some help subsequently, and is so at this moment, in coping with some of those problems.

In general, I think I can say that Air Canada has given a fairly good service to Newfoundland. I know there is room for some criticism there but, in general, the Air Canada service, since we became part of Canada—and indeed before that time—has been reasonably acceptable.

Now I come to the CNR. Under the terms of union the Government of Canada took on certain responsibilities in respect of Newfoundland. As far as transportation and related responsibilities were concerned, it made use of the crown corporation which we know as Canadian National Railways. The CNR became the means whereby the Government of Canada fulfilled its obligations under the terms of union.

What were these terms of union? The ones with which I am concerned are brief, but remember, honourable senators, we need to remind ourselves that this is not just any simple little agreement. This is the Constitution of Canada; this is part of the British North America Act. This was an agreement entered into freely by two independent sovereign countries, one very big and one very small, but each a dominion within the British Commowealth, each one enjoying the same rights and prerogatives. It was not something which one big country, Canada, gave to some other little territory; it was an agreement between two sovereign countries.

My first quotation is as follows:

At the date of Union . . . Canada will take over . . .

(a) the Newfoundland Railway, including steamship and other marine services.

That is it; that is all it says about it. It is simplicity itself. "At the date of Union, Canada will take over the Newfoundland Railway."

Also, "At the date of Union, Canada will take over the Newfoundland Hotel"—again, simplicity itself. There are no qualifications. There is nothing about it at all, except that Canada will take over the Newfoundland Hotel.

Why was not more spelled out? I will tell you why more was not spelled out. One of the men who negotiated that agreement was a man who within the year became the Prime Minister of Canada, the Right Honourable Louis St. Laurent. With him was one of the ablest ministers, in my judgment, that Canada

has ever had, the late Honourable Brooke Claxton. There were also others. However, Mr. St. Laurent said over and over subsequently—I am paraphrasing now—"You do not have to spell out these details on either side. Where there is goodwill, honesty and integrity all the spelling out of details in the world is needless." So it is as simple as that—"Canada will take over the Newfoundland Railway; Canada will take over the Newfoundland Hotel."

Then we have clause 32 of the Terms of Union, which is the schedule to the British North America Act, 1949, and thus part of the Constitution of Canada, as follows:

> (1) Canada will maintain in accordance with the traffic offering a freight and passenger steamship service between North Sydney and Port aux Basques—

That is it.

The Government of Canada in its wisdom decided—and it did not have to do this—to entrust this responsibility to the CNR. I wish to go on record now as saying that in some respects the record of the CNR in providing service to Newfoundland has been a good one. In other respects it has been abysmally and abominably bad, bordering on neglect and arrogance very often.

By the way, that railway was started in 1881, and was built as a narrow gauge railway. Everyone has heard the jokes told about the "Newfie Bullet", and so on. It was a prodigious effort by 150,000 people in 1881 to build that railway across a trackless wilderness in a great semi-circle, crossing almost every brook and river in Newfoundland, going uphill and downhill and across muskeg and bog—as bad as anything to be found anywhere in North America. They built those 600 miles of railway, of course, mostly by pick and shovel. It was a narrow gauge railway, for the very obvious reason that they could not afford to build a wide gauge one. That railway served Newfoundland, but it never made any money. When it was built no one expected it to ever make any money. One would have had to be off his head to talk about a railway across Newfoundland, an unpopulated, desolate wilderness, making profits. That railway was built to serve the people and, of course, to open up the interior and make further development possible. It was built basically for the same reason that the railway was built across the Prairies and out to British Columbia.

● (1440)

At the time of union, in 1949 and 1950, we urged—and there were some in Ottawa who also urged—the Government of Canada, through the CNR, to turn that narrow gauge railway into a wide gauge railway. It would have cost money, of course, but it could have been done at an acceptable cost. In the process they could have eliminated many of the curves and grades which could not be eliminated in the 1880s and 1890s, when that railway was built almost by hand. Some thought was given to that idea, but the CNR fought it.

One of the men who recommended that that changeover to a wide gauge railway not be considered by the Government of Canada, and that the CNR not be ordered to do it—I shall not name him; he is now dead, and was a man for whom I had the greatest respect—told me after he had resigned from his position that if he could have had his day over again he would have recommended that a wide gauge railway be built across Newfoundland in 1950.

Over the years the CNR has downgraded the railway service in Newfoundland. It inherited a trans-insular passenger service from St. John's to Port aux Basques. It was not a good service, but it was certainly better than nothing. It was a Pullman overnight service, complete with dining cars and so on. Almost from the beginning the CNR started to downgrade that service, and eventually more and more people ceased using it. Given the choice between driving my car and taking the train, I must admit that sometimes I did cross Newfoundland on the gravel road. At other times, as did others who were engaged in public life, I made use of small aircraft or whatever other means of transportation I could get. Then the CNR had the nerve to say that there was no need to improve the service because people were not using it.

That reminds me of a classic incident which occurred in a district I represented at one time in northern Newfoundland. I went to the CNR and asked them to include a certain community in the coastal service. They told me, right here in Ottawa, "We cannot include it in the coastal service because there is no wharf in that community." So I went to the Department of Public Works and asked, "Why don't you put a wharf in that community?" I was told, "There is no need to put a wharf in that community because the coastal steamer does not call there."

Later on, in place of the railway passenger service it had inherited in 1949, the CNR substituted a bus service. That bus service is, and has been, unacceptable to the people in Newfoundland. I shall not go into any detail, but it is totally unacceptable. This has been said in the House of Commons, and it has been said elsewhere. I think this is one of the reasons why the present government has decided to set up a royal commission in Newfoundland.

Most honourable senators, I am sure, have stayed at the Newfoundland Hotel. It is not a very big hotel. I am told it has no more than 140 rooms. Obviously, I never stayed there much but I am told it is a fairly good hotel. In the 1950s that hotel had the highest occupancy rate in Canada of all the CN hotels and in second place was the Chateau Laurier. I do not know if this maintained throughout this period, but certainly for several years the only two hotels operated by the CNR and showing a profit were the Hotel Newfoundland and the Chateau Laurier.

That hotel in St. John's was constantly fully booked. Hundreds of times somebody coming to St. John's from my district—a businessman, a doctor or some other person—would call and say, "In God's name, get me some place to stay." I would ask the hotel, "When can you give Mr. Jones a room? He wants to come in for a week." The usual reply was, "I am sorry. We cannot give him anything now. I don't see that we are going to have anything for weeks to come." This went on and on.

Across Canada there were scores of national organizations of one kind or another wanting to hold their conventions in Newfoundland. Again and again they were told there was no accommodation, and they gave up the idea. I would say that from 1949 until the early 1960s, not one national organization, big or small, held its annual or periodical convention in Newfoundland, and that was because there was no accommodation. Many times it was pointed out to the CNR that there was no accommodation for people—not even for Newfoundlanders, let alone visitors. When asked, "Why don't you enlarge? Why don't you double the size of the hotel?" they said, "We will think about it." They did nothing about it.

Over the years, the Government of Newfoundland went to every hotel chain in Canada and Europe and drew their attention to the possibilities in Newfoundland. I am sure some honourable senators will not believe what I am going to tell them. The government would approach the Sheraton, Hilton or Holiday Inn chains, and get them interested. They would come, and almost invariably their response would be positive. Sheraton or Holiday Inns would plan to build a 250-room hotel in St. John's and another in Corner Brook or somewhere else, and within days, either by direct announcement or leaking it, the CNR would make it known they intended to double the size of the Hotel Newfoundland, or scrap it and build an entirely new one. At that point, Hilton, Sheraton or Holiday Inns would say they could not compete with a subsidized outfit like the CNR, and discard their plans. That happened over and over again, and Newfoundland suffered to the tune of millions of dollars. As I have said, the value of the tourist trade to Newfoundland in 1950 was $2 million. I made the statement at a public gathering in 1950 that if we got the hotels built and the trans-Canada highway completed we could raise the value of our tourist industry to that of Nova Scotia's which in that year, to my memory, was $27 million.

● (1450)

We eventually got hotels in Newfoundland, but not through the CNR. The CNR, to this day, has not lifted a finger to assist us to increase hotel accommodation in the province. The Government of Newfoundland had to guarantee the profitability of a chain of Holiday Inns, and we got those Holiday Inns in St. John's and elsewhere. Other hotel chains were encouraged to establish hotels in Newfoundland, and did so.

The value of the tourist trade to Newfoundland in 1963-64 was $30 million. It was more than the amount I had forecast ten years earlier. The Government of Newfoundland decided to call 1966 "Come Home Year", and invited tens of thousands of Newfoundlanders scattered throughout Canada and the United States to come back to Newfoundland for their holidays. Those visitors were in addition to the normal tourist traffic, and again the CNR refused to lift a finger to provide accommodation for them. It was at that point in time that we went to Holiday Inns and induced them to establish hotels in Newfoundland and thus provide the necessary accommodation.

The value of the tourist industry in 1966, Come Home Year, was $60 million. Two years previously it had reached a high of $30 million. I know whereof I speak. I was chairman of the committee for Come Home Year. Incidentally, in all years, save one, since 1966 the value of the tourist industry in Newfoundland has increased, to the point where it has a value in the current fiscal year of over $100 million. Given the present unemployment situation in Newfoundland, I shudder to think of what conditions would be like if we did not have a $100 million tourist industry.

That is the record of the CNR in providing accommodation in Newfoundland. The Right Honourable Louis St. Laurent told us we would have to depend on a generous interpretation of the Terms of Union. I submit to honourable senators that when the Terms of Union were adopted—one of which was that Canada would take over the operation of the Newfoundland Railway—the intent was not to degrade that railway, not to make the cost of its services prohibitive to the Newfoundland people. Surely the intent was not to phase out the Newfoundland portion of the CNR, which is what has taken, and is currently taking, place.

I do not think many Newfoundlanders would have argued for luxurious Pullman dining car rail accommodation across Newfoundland, but such a service could have been modified by eliminating some of the more expensive aspects. The CNR could have instituted short-run dayliner services, and other services, which would have helped to solve the transportation problem in Newfoundland.

Let me remind honourable senators that the transportation problem in Newfoundland today is more serious than it was at the time of the tabling of the report of the MacPherson Commission in 1961. The portion of the trans-Canada highway across Newfoundland, partly because of the use of that highway by the CN bus service and heavy vehicles of one kind or another, is disintegrating. I can safely predict that parts of it will be impassable this spring.

No one suggested at the time of union that Canada would operate a ferry service between North Sydney and Port aux Basques provided it was not too costly. That was not said at all. No one said Canada would operate that service provided, à la Mr. Lang, it is self-supporting. Few if any of the railway lines in Canada have ever been really self-supporting, and the same applies to most of the land telegraph and telephone systems. The postal service in this country is not self-supporting. If it were shown, for example, that the operation of the postal service in the province of Quebec was operating at an annual loss of $25 million, would anyone in his right mind suggest that that postal service be eliminated?

That is what Dr. Bandeen said, in effect, a few weeks ago regarding CNR services in Newfoundland—Dr. Bandeen being, as I am sure everyone is aware, the president of CNR. That same principle is implicit in the idea—this iniquitous idea—of a "user-pay" service. The principle seems to be that any public service or public utility that is not self-supporting should be eliminated. Why don't we go back to the jungle?

Senator Forsey pointed out to me privately—and I am sure he has done so publicly as well—that Canada is one of the few

countries in the world which has the provision of railway and ferry services as part of its Constitution, so they must have been considered important by those who framed the Constitution. I deeply regret, on the several occasions when the Government of Canada arbitrarily broke the Terms of Union, that the Government of Newfoundland did not proceed with its threat to institute an action in the Supreme Court of Canada. The Province of Prince Edward Island did proceed with such a suit in one instance, with the result that it got judgment in its favour. With all due respect, it is my view that the case of the Province of Newfoundland was infinitely stronger than that of Prince Edward Island.

I regret that the Government of Newfoundland did not pursue its threatened actions in the Supreme Court of Canada. I was part of a former government of Newfoundland when it was cajoled into withdrawing a pending suit against the Government of Canada. We should have proceeded with that action. I was in favour of proceeding with it, and I regret that we abandoned it. I regret that the present Government of Newfoundland did not go ahead with its threat of two or three years ago, when the Government of Canada permitted the defenceless province to be cut off from practically all communication with the rest of the world.

● (1500)

Term 32 does not say, "Canada will maintain a ferry service provided no strikes occur." It does not say, "Canada will maintain the service for six months of the year, and then if 200 stevedores in North Sydney and Port aux Basques go on strike for the other six months Canada's responsibility ceases." Of course, it does not say that. But that is what happened. It happened in high summer on the first day of August when tens of thousands of tourists were in Newfoundland from California, from Texas and every other state in the American union, from every province of Canada, and from other parts of the world as well, and when tens of thousands of Newfoundlanders were out of the province on visits to other parts of North America. That is when the strike occurred. You simply took up your newspaper and read: "Strike! Ferries not running between Port aux Basques and North Sydney."

Let me give the analogy again, because it is not just as simple as that. If tomorrow the province of Ontario, with its eight million people, or whatever the population is, were to find all of its highways and railways leading to the province of Quebec, the province of Manitoba and to the United States were cut off by highway and railway workers obstructing those highways and railway lines, that would be analogous to what happened to Newfoundland in that summer. I ask how long the Government of Canada would stand by and allow that to continue. But it happened in Newfoundland, and it lasted for a month. It caused Newfoundlanders and others affected by the strike untold hardship. Thousands of people ran out of money; thousands of people were forced to sleep out on the ground 8, 10 and 12 miles from Port aux Basques. Tens of thousands of people were unable to get their children back to school on time. Thousands of people found their resources depleted, while those who could pay for accommodation could not find any in Port aux Basques. That situation was allowed to continue for a whole month with nothing done about it.

I suggest without fear of contradiction that if the equivalent were to happen in Ontario tomorrow, if there were a strike which paralyzed the province, no more than 12 hours would pass before the Government of Canada intervened and sent in either the army or some other force to open up the highways. But in the middle of that high summer nothing was done for Newfoundland. The airplanes were still flying, of course, but they were far from sufficient to handle the situation.

The cost to Newfoundland can be reckoned only in the tens of millions of dollars. But apart from that, can you imagine the deleterious effect that situation must have had on the tourist trade in Newfoundland? People from remote parts of the United States and Canada, having gone to Newfoundland in the expectation of having a good time—and most of them, I am sure, did have a good time, because people who go to Newfoundland enjoy their visits—would have returned home in a disappointed frame of mind after the travail they experienced as a result of the strike. What sort of ambassadors of goodwill do you suppose we have made of such people?

Yes, the Government of Canada can evade its responsibilities under the British North America Act, and it has in some cases tried to do so in respect of Newfoundland. There are several ways that a government of Canada can evade its responsibilities, especially when its opponent, if I may use that term, happens to be a small and relatively weak province. There are several ways in which the big fellow can break his obligations. He can dismember or eliminate services. That is what CNR has done, and the CNR has not replaced the dismembered or eliminated services with either adequate or acceptable services.

Again, the big fellow can make a service prohibitively expensive, and many people in Newfoundland are saying that that is what has been done already in respect of the CNR bus service in Newfoundland. The big fellow can break the Terms of Union, if he is a big and strong enough bully. He can break the Terms of Union by an arbitrary, unilateral interpretation of those Terms of Union. That has been done. Again, the big fellow can—and there is a strong belief in Newfoundland that this is the case at the moment—take shelter under the umbrella of the CNR, which is being held aloft in the hands of Dr. Bandeen.

I suggest again to honourable senators here that when the bell tolls, when the Government of Canada disregards the Constitution, they should not have the feeling that it is tolling only for Newfoundland. If it is Newfoundland today; tomorrow it can be some other province, and that, I suggest, is a most serious matter.

Senator Grosart: May I ask the honourable senator a question?

In view of the serious criticisms he has made of the policy of the government and of the CNR, would he consider following his statement with the introduction of a resolution criticizing the government and the CNR so that we might vote on it?

Senator Rowe: Well, what I have had to say today, of course, I have tried to say in as public a manner as possible, and I do hope, although it does not always happen, that what I have said will be publicized. Certainly, I shall take other measures as well, because I shall see to it that *Hansard* is sent to a number of people.

Without evading your question, I must say that I am not too sure what will happen to Senator Bonnell's resolution. Moreover, there is one point which I should perhaps have made clearer at the beginning of my remarks, and that is that the Government of Canada has decided to set up a royal commission to study transportation in Newfoundland. I think that that is at least a recognition on their part that all is not well down there.

Senator Perrault: Hear, Hear.

Senator Rowe: And I for one am prepared to sit back for a few months to see what will happen.

Senator Grosart: I thought the honourable senator might welcome the opportunity to put his vote where his speech is.

Senator Langlois: Why don't you do it yourself?

Senator Grosart: I might.

Senator Langlois: Go ahead.

Senator Grosart: I would prefer to hear it from the supporter of the government who is so very concerned about government policy.

Senator Petten: I move the adjournment of the debate.

Senator Grosart: Just in time!

On motion of Senator Petten, debate adjourned.

WESTERN EUROPEAN UNION ASSEMBLY

TWENTY-SECOND SESSION, PARIS, FRANCE—DEBATE CONCLUDED

The Senate resumed from yesterday the debate on the inquiry of Senator Austin calling the attention of the Senate to the second part of the Twenty-Second Session of the Western European Union Assembly, held in Paris, France, from 29th November to 2nd December, 1976, and in particular to the discussions and proceedings of the Session and the partioipation therein of the delegation from Canada.

Hon. Jack Austin: Honourable senators, yesterday I reported to you on my attendance as your representative at the Second Part of the Twenty-Second Ordinary Session of the Western European Union Assembly held in Paris from November 29 to December 2, 1976. In the main, I limited my remarks to the question and problems of the construction of a more coherent European Community, and the creation in that context of a European Parliament to be elected by universal suffrage during 1978. The remainder of what I wanted to say being somewhat lengthy, I asked for and received your concurrence in my reporting today on other aspects of the work of the Western European Union Assembly.

I have mentioned that the primary focus of the Western European Union is on the defence of Western Europe. In this regard three specific defence matters were debated—(1) Western Europe's policy towards Mediterranean problems; (2) European security and East-West relations; and (3) anti-submarine warfare.

In general, however, the overriding concern of the European parliamentarians can be expressed in the concept of weapons standardization. Lord Duncan-Sandys of the United Kingdom, in the debate on defence, made the following comment:

> I made a tour of army and air force headquarters of NATO in West Germany. Wherever we went, concern was expressed to us about the grave consequences of the failure to standardize the armaments of the NATO allies, or, at least, to make them inter-operable.

• (1510)

As many honourable senators know, the Warsaw Pact nations have armaments co-ordinated by and, in large part, designed and made by the Soviet Union. They are thus standardized and interchangeable amongst all members of the Warsaw Pact. They have what is known in the military world as inter-operability. Modern warfare is essentially mobile, and armed forces to be effective must be able to move freely over the battle area. That means that the Warsaw Pact countries can draw on one another's ammunition, and they now have compatible communications systems.

Unfortunately, this is not the present position for Western European defence. Several European parliamentarians were prepared to admit that the state of ammunition and equipment in the NATO alliance had been unduly influenced by the respective domestic economic considerations and commercial rivalry of NATO members, and yet while there was a general acceptance of both the military and economic advantages of standardization in NATO, there seemed also to be a sense of frustration in respect of anything being done about it in the near term. As more than one parliamentarian said during the course of the Assembly, it was clear that whenever the interests of the group were somewhat costly to the interests of one of the key member nations, it was almost inevitable that the national interest was given primacy.

In addition, the conflict between the United States and European nations in required weapons configurations was the subject of specific comments. The United States require weapons for use throughout the world, whereas the Europeans need them only for operations in the European theatre. As a result, European armaments are generally less costly than United States' weaponry. Moreover, Europeans tended to manufacture weapons more for their economic benefits, whereas the United States manufacture of weapons is under rigid military supervision and control.

Another point mentioned was the importance of research in weapons standardization, and there exists little cooperation in Europe in this matter because of the great profitability of armament sales to other parts of the world. There is even less cooperation in weapons research with the United States for

those and other reasons reflecting the generally higher level of weapons technology in the United States.

The rapporteur, Mr. de Bruyne of Belgium, in reply to the debate, described progress towards achieving standardization of armaments as "depressing." In his view, effective military cooperation in the battlefield in Europe was greatly hindered by this problem.

Finally, on the general question of Western European defence, it seemed to me that the general view was that if they received a military threat from the Warsaw Pact nations it was unlikely that NATO could effectively respond without the deployment of tactical nuclear weapons. In conventional weapons terms, the NATO group was described as out-manned, out-gunned, out-tanked and out-planed. A massive Soviet build-up began 10 years ago in Europe, and has not yet come to an end. In fact, its momentum seems to be increasing. According to one report given, the Soviet Union in 1975 is estimated to have added 50 submarines, 800 war planes and 2,000 new tanks to its inventory. Against this, the United States holds the balance of power based on its deployment in Europe of approximately 7,000 tactical atomic warheads.

Clearly, the NATO Pact is not the equal of the Warsaw Pact in conventional forces. Whether the United States would deploy its tactical nuclear weapons in Europe, and under what conditions, remains the sword of Damocles over European, and ultimately free world, defence. If the Warsaw Pact should seize key Western European cities by conventional military means—if it should take Berlin, as an example—would the United States direct its tactical nuclear weapons against those forces, and at the same time destroy friendly civilian populations? It is hard to imagine a more difficult dilemma.

Without getting into detail, many criticisms were levelled at the British Army of the Rhine. The British government was accused of two decades of scrimping in equipment and in logistics support, as well as failing to maintain obligations with respect to the effective number of the fighting capability. On the other side of that complaint was the defence that British troops were still among the most innovative and flexible soldiers in the NATO Pact. There was no discussion of the Canadian contribution to Western European defence during the plenary sessions, but in corridor discussions with European parliamentarians I was assured that the Canadian contribution was of high quality and value, and that the recent government decisions in Canada to provide new tank and armoured carrier equipment made the Canadian contribution in Europe an extremely useful one. European parliamentarians well recognize that our participation in Europe is for the benefit of European security, and makes no direct contribution to Canadian territorial integrity.

In salon conversation a number of European parliamentarians questioned me on the election in Quebec, two weeks previous to the Assembly. While all the standard questions were asked, there were also a few that surprised me. Would the separatists seek to have a military force of their own and separate defence policies and alliances? Was it possible that a socialist independent Quebec would withdraw from NATO? Was there any concern in Canada or the United States for the strategic location of Quebec to North American defence? Would the Quebec Atlantic coast remain available to Soviet submarine surveillance?

My answers were, by way of reassurance, that all these questions were hypothetical—there would be no separation. But still the questions nag at me, and there are others. What about the St. Lawrence Seaway? What about foreign intelligence and counter-intelligence based in Quebec? Would Quebec support in any way the defence of Europe? Does Quebec have any interest in a separate French defence policy in Europe? What would be the United States policy in response to all of this? I mention these matters, honourable senators, only to show you in the context of defence what people abroad are thinking about when they think of Canada today.

Let me now turn to the subject of Western Europe's policy towards Mediterranean problems. The subject of the report and debate related in particular to outstanding issues between Greece and Turkey, and a solution to the Lebanese conflict. One additional Mediterranean problem, the progressive re-establishment of a democratic regime in Spain, was noted but not debated because of what was described as satisfactory progress on the Spanish issue. The fourth area dealt with relations with the Arab communities. Proposals were considered for the establishment of long term technological and industrial cooperation with a view to assuring in return what was described as "a lasting guarantee of energy supplies".

Western Europe has no significant role in the military balance in the eastern Mediterranean, and the security of Greece and Turkey in that area is almost totally dependent on the American military guarantee. At the same time, in economic matters, Greece and Turkey are striving to strengthen their links with the European Economic Community. Several European parliamentarians believed that the increase in the Soviet naval presence in the eastern Mediterranean was a threat to the whole of Europe, particularly because of the possibility of interruption of European oil supplies.

The Cyprus situation was described as one of the most difficult for any kind of satisfactory settlement to Greece and Turkey, and likely to continue to exacerbate tensions between those two countries for a long time to come. Some hope for a reconciliation is based on the abandonment by Greece of its political aim of uniting Cyprus with Greece, and the willingness of Turkey to negotiate towards the reconstitution of a Cypriot state federalizing the two communities, but on the basis of a territorial acknowledgement resulting from the Turkish military intervention which followed the Greek colonels' attempt at a coup d'état.

A second Turkish issue relates to the ownership of the continental shelf in the Aegean Sea. Under the 1923 Lausanne Treaty, Greece obtained sovereignty over some 3,000 islands in the Aegean, but several of these islands are just off the coast of Turkey—some being less than two kilometres away. The Greek government takes the position that each island has a continental shelf, and that in effect Greece owns the Aegean

Sea almost up to the Turkish mainland. The Turkish government rejects this and says that the Aegean should be covered by a special international law. I listened to this discussion with interest because of the island of St. Pierre et Miquelon off our Atlantic coast.

● (1520)

What has exacerbated this crisis is that geological formations favourable for oil prospecting have been found in the Aegean and both Greece and Turkey have launched prospecting campaigns. It was clear that the Western European Union was not prepared to take sides in this matter, but considered it a basis of severe tension between Greece and Turkey, which added to the military instability in the area.

The Lebanese affair was described as a situation in which 300,000 Palestinean refugees destroyed the delicate religious and political balance between Moslems and Christians, on which the Lebanese constitution and political customs were based. The final fuse was that Palestinean armed elements carrying out raids into Israel often attracted reprisals by Israeli forces, many of which were directed against Christian Lebanese. Again, European parliamentarians had no specific proposals for the Lebanese situation, but said that Europe had "a direct interest in maintaining a Lebanese State which is an essential centre for its trade with the Arab world." The Greek foreign minister, Mr. Constantin Stavropoulos, and a Turkish parliamentarian, Mr. Inan, both spoke to the Assembly.

On the topic of European security and East-West relations, much of the debate, after considering the military balance, including the balance in strategic missiles in nuclear systems, focussed on the defence effort in light of the political accommodation described as détente, and the Strategic Arms Limitation Talks, known as the SALT talks. The concern of European parliamentarians in this area was that the effort at maintaining European defences, even at the present level, was being hampered both by the economic recession in Europe and by a relaxed attitude in the governments of the NATO alliance towards defence based on the policy of détente and the Helsinki Agreement. Dr. Henry Kissinger, then Secretary of State for the United States, described the objectives of SALT at a lecture in London on June 25, 1976, in the following way:

> The continuing build-up of strategic arms only leads to fresh balances—but at higher levels of expenditure and uncertainty. Moreover, a continuing race diverts resources from their needed areas, such as forces for regional defence, where imbalance can have serious geo-political consequences. All these factors have made arms limitations a practical interest of both sides, as well as a factor for stability in the world.

In the same address, Secretary Kissinger, also speaking about détente, made the following comment:

> We should not allow the Soviet Union to apply détente selectively within the alliance. Competition among us in our diplomatic or economic policies toward the East risks dissipating Western advantages and opening up Soviet opportunities. We must resist division and maintain the closest coordination.

Much of the debate on the question of European security and East-West relations concerned itself with the degree of coordination and cooperation which was necessary to prevent a let-down in readiness, and in order to provide stability in defence arrangements. On the matter of anti-submarine warfare, the Assembly was advised that the Soviet submarine force consists of 309 submarines of all types, compared with 116 in service with the United States Navy. The debate related to Western vulnerability in its sea lanes. European NATO countries are dependent on seaborne traffic for both military supplies and reinforcements which would flow across the Atlantic in the event of hostilities. Total goods traffic between Europe and America in 1975 amounted to 1.6 billion tons carried by some 7,000 merchant ships. Oil supplies alone amounted to some 65 million tons. The Deputy Supreme Allied Commander Atlantic, Vice-Admiral Jungius, considered the Soviet submarine threat to be a serious one, and gave it as his opinion that serious hostilities would require the deployment by the Soviets of at least 100 submarines in the North Atlantic. Accordingly, monitoring of Soviet submarine activity to determine such a build-up was taking place, and was a critical activity of the Atlantic alliance.

While no mention of the Canadian contribution was made during the debate, many of the parliamentarians were aware of the Canadian surveillance in the western Atlantic, and of the debate in this country on the issue of re-equipping our air capacity. I found the debate on submarine detection systems quite fascinating, and I believe it will suffice for me to say that no-one is yet satisfied that any existing technical systems are adequate for detecting, tracking and identifying submarines. The Assembly recommended that increased effort be undertaken in the matter of submarine detection.

One final major area was debated at the Assembly, and this related to the question of European energy supplies. While it was acknowledged that there is a close link between European security and the safeguarding of energy supplies, it was also acknowledged that Western European governments have been unable, and some are unwilling, to establish a common energy supply policy. So far as the nuclear program is concerned, parliamentarians were satisfied that no large-scale effort was possible until nuclear hazards were better understood and much more was known about the problems of storing radioactive waste. It was generally concluded that there is a need to reduce consumption in Europe even further in order to lessen both the dependency on imported oil and having to resort to nuclear power.

Finally, there was some urgency addressed to alternative sources of energy, and some parliamentarians said that national research programs were indicating that solar energy undoubtedly had a more significant role to play in the future.

In brief, there is not a great deal of difference between Europe and Canada in our general attitude and approach to energy policy. Energy demand in the future will relate to the rate of economic growth and the success of conservation

measures. Nearly every prediction is for energy consumption to nearly double by 1990, and that will dictate a tight control of consumption because of the domestic supply situation, the dependence on foreign oil and the increased danger of pollution. Governments in Europe and Canada will have to make major changes in their energy policies, reduce per capita consumption, and find ways of making these policies acceptable to their communities.

Until 1973 the cost of energy from existing sources did not include a charge to cover the cost of seeking alternative sources to take over when existing means were depleted. Future prices will have to allow for this, and it is hard to see how the near future—say, to the year 2000—will be other than a high cost energy era. It was the conclusion of the rapporteur that Western Europe, the United States, Canada and Japan would have to collaborate in setting up machinery for crisis management.

Honourable senators, I found it of great value to be present at this particular session. I have endeavoured to describe some of the events that took place at the public meetings. Let me assure you that an added value, hitherto undisclosed, is the opportunity for Canadian parliamentarians to sell Canada's message to parliamentarians in Europe. I had more productive conversations with British, German, Italian and French parliamentarians than I could have imagined when I first went there. They are full of curiosity about Canada. They want to know what we are doing, and why we are doing it. They want to know why we have a different outlook from the United States. They want to know what are the differences between Canada and the United States. Some of them are extremely well informed, and I felt a little sheepish at not having all the answers.

In any event, I urge that the Senate continue to participate in meetings of international parliamentarians at every possible opportunity for the purpose of making Canada better known abroad.

Honourable senators, if no other senator wishes to contribute to this debate, I suggest it be declared concluded.

Senator McDonald: Would the honourable senator permit a question?

Senator Austin: Certainly.

Senator McDonald: In his remarks the honourable senator referred to the amount of oil that is moving into Western Europe through the Mediterranean. Has he any figures on the amount of oil that is going to Western Europe through the Mediterranean, compared to that moving across the Indian Ocean and around the Cape?

● (1530)

Senator Austin: There has been a change in the quantities since the Suez Canal was reopened. There is also a good deal supplied by pipeline from the Gulf of Suez across into the Mediterranean, and also by pipeline from Iraq to eastern Mediterranean ports. I do not have the numbers with me, but I can get them for you. I will say, however, as a general answer to your question, that the transmission of oil through the Suez Canal or by pipeline over Arab countries into the Mediterranean provides a very high proportion of the total tonnage of oil delivered today.

Senator McDonald: Perhaps I might make one comment. I think the volume of oil that is coming around the Cape is much less, as you said, than it was prior to the reopening of the Suez Canal, and also the construction of pipelines. I believe that today Europe could not exist more than a matter of days, or months at the outside, without those shipping lanes around the Cape being protected. In my view, they have far less protection today than have the lines of communication through the Mediterranean. I believe this should be of equal interest and concern, not only to Europeans but to ourselves, in view of the vulnerability of the shipping lanes through the Indian Ocean and around the Cape.

Senator Austin: As Senator McDonald obviously knows, the Soviet fleet has a presence in the Indian Ocean, which is of great concern to countries bordering the Indian Ocean. In addition, in recent months the Soviets have played a larger role in naval operations off the coasts of such countries as Angola, so they, too, are aware of the importance to the so-called Western countries of that shipping lane.

Senator Yuzyk: First of all, I should like to commend Senator Austin for his excellent report on the Twenty-Second Session of the Western European Union Assembly which, of course, is important to us in many ways, and is connected with NATO in general. I should like to ask whether any attention at all was paid to the monitoring of the Helsinki Agreement.

Senator Austin: A considerable debate took place on the Helsinki Agreement and whether it was being implemented in the letter as well as in spirit by the Warsaw Pact nations. The conclusion at this time is that it is too early to have a serious reading of the overall trend of Eastern European policy on that question. There were a number of comments that indicated watchfulness and a certain degree of scepticism about the good intentions of the Soviet Union in that respect. I would say that a number of European parliamentarians stake a lot on the ability of the United States to use its undoubted economic power to bring about an effective degree of cooperation under the Helskinki Agreement.

Senator Yuzyk: The reason I ask that question is because we were dealing with that problem at a session of the North Atlantic Assembly in Williamsburg. Up to that time—that is, up to November 15 last—some of the European nations had not indicated that they were prepared to monitor some aspects, particularly the "third basket" of the Helsinki Agreement. I was hoping that perhaps they would take this matter a little more seriously, particularly those countries that had not so indicated thus far, because of the fact that it is expected there will be a review at a conference that is to be held in Belgrade probably—I say probably—in June. We have had no indication that the Warsaw Pact countries are very enthusiastic about this review.

Senator Austin: Perhaps honourable senators will permit me a further comment. You will appreciate that the Western

European Assembly is concerned primarily with matters of defence. As I said in my earlier remarks, there were a number there who were concerned about an attitude of psychological relaxation and let-down in European defence matters arising out of the Helsinki Agreement. Therefore, there was much urging of a monitoring of that particular agreement to ensure that it is not something that provides the Soviets with a method of achieving that psychological relaxation so that they can gain further momentum in their arms buildup.

Senator van Roggen: I should like to ask a question. The honourable senator made passing reference, at the beginning of his remarks this afternoon, to the question of universal elections for the European Parliament, which I have referred to in this chamber when reporting on meetings of our interparliamentary group with the European Parliament. The last time our group was there was early last fall, when they were looking forward to further progress on this, although there was some reticence on the part on the English, and a certain amount on the part of the French, to move within the timetable of the heads of state. Did he find continuing hopefulness that they would indeed move forward on their timetable to universal elections?

Senator Austin: I would say that the reaction of parliamentarians was one of hope and fear—hope that the decision of the Council of Ministers to proceed towards the election of a European Parliament will be put into effect and that elections will indeed take place, and fear that national assemblies will have to approve the resolution of the Council of Ministers, and debate the matter beyond all possibility of realizing an election of a European Parliament in 1978. I found that British parliamentarians, in particular, both Labour and Conservative, were raising a great number of questions about constituencies, about whether national parliamentarians would be present, about who would finance the elections, about whether procedures would be uniform, and, of course, raising the old chestnut of the supremacy of parliament. As domestic politics in the United Kingdom are preoccupied with other issues these days, I wonder whether the British Parliament will be able to consider this matter in 1977.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, the inquiry is considered as having been debated.

The Senate adjourned until Tuesday, February 15, at 8 p.m.

THE SENATE

Tuesday, February 15, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons with Bill C-22, to amend the statute law relating to income tax.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Cook: Honourable senators, with leave of the Senate, now.

Senator Flynn: Yes, but it should be dealt with later as the first Order of the Day.

Senator Cook moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report relating to warrants issued under the Official Secrets Act for the year ended December 31, 1976, pursuant to section 16(5) of the said Act, as amended by Chapter 50, Statutes of Canada, 1973-74.

Copies of Report relating to authorizations and interceptions under the Criminal Code for the year ended December 31, 1976, pursuant to section 178.22(4) of the Code, as amended by Chapter 50, Statutes of Canada, 1973-74.

NATIONAL SYMBOLS

DISTRIBUTION TO MEMBERS OF PARLIAMENT—QUESTION

Senator Riley: Before I put a question to the Leader of the Opposition, I am sure honourable senators will agree with me that—

Senator Asselin: Order. The honourable senator has said he wants to put a question to the Leader of the Opposition.

Senator Riley: I meant the Leader of the Government. Perhaps one day he will be Leader of the Opposition.

Senator Flynn: In directing a question to me rather than to the Leader of the Government, the honourable senator no doubt hopes to get a direct answer for once.

Senator Riley: I should remind the Leader of the Opposition of the opening words of the ode *On the Receipt of My Mother's Picture* by the English poet William Cowper. His mother had died and her remains were about to be taken away. The poet mournfully looked at his mother's picture on the bureau and wrote a poem beginning with the words:

Oh that those lips had language!

I might have to say that if I were to receive an answer to my question from the Leader of the Opposition.

As honourable senators know, we are constantly being inundated with all sorts of publications, literature and brochures from all departments of government. We learn how to gauge the weight, under the metric scale, of a calf when it is being weaned. We have brochures from Immigration, but somehow they have missed us in one area.

● (2010)

Under date of September 23, 1976, the Secretary of State addressed a letter to the members of the other place. In that letter he pointed out that there would be available for distribution by them a number of Canadian flags, some 50 of size 3 inches by 6 inches, about 200 desk-size, and 500 lapel pins bearing a picture of the flag. He admonished the members of the other place to share these flags with their constituents to give them the opportunity to know Canada's flag and its use and history. But somehow or other that letter did not appear among the volume of correspondence which appears on our desks. These piles are so big that I am reminded of the words of the great Nova Scotian, the late Joseph Howe, who played such a large part in the building of Confederation. When writing in the *Novascotian* in 1833, he said:

> We have beside us a mountain of Books, Magazines, Pamphlets and Newspapers, that have been accumulating for the last two months, unopened and unread. Like a Turk, in the dim twilight of his Harem, he scarcely knows which to choose—

I called the Citizenship Branch of the Department of the Secretary of State—

Some Hon. Senators: Get to the question!

Senator Riley: I was told these flags and symbols were not available to us, and I began to wonder if we in the Senate do not have constituents with whom to share the flag and its history and use.

I want to ask the Leader of the Government in the Senate, why not? Are we second-class parliamentarians? Can't we share with our constituents the flag of Canada that is being distributed by the Secretary of State? Can these flags be made available to us?

Senator Perrault: I am sure the honourable senator is second to none in his zeal to promote Canadian symbols, such as the Maple Leaf flag pins and so on. I want to assure him that a few hours ago I spoke personally to the Honourable the Secretary of State and broached the question with him. He said that it was his understanding that members of Parliament, whether they serve in the House of Commons or in the Senate, were to be entitled to a number of flag pins and other items to distribute to their constituents. As I say, I spoke only this afternoon to the Honourable the Secretary of State.

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eric Cook moved the second reading of Bill C-22, to amend the statute law relating to income tax.

He said: Honourable senators, it is not by my wish that I address you once again in so short a period of time. The reason I do so is that before the Christmas recess, when the chairman of the Standing Senate Committee on Banking, Trade and Commerce and other qualified members were out of town, this bill was supposed to reach us. At that time our whip informed me he was desperate and had therefore to call on me as his last hope.

Senator Flynn: What date exactly? Do you remember the exact date? It would be interesting for the record.

Senator Cook: It was some time before Christmas.

The bill before us, although in the main a relieving measure, is in some respects a highly complicated and technical piece of legislation. For that reason I am glad to propose that it again be referred to the Standing Senate Committee on Banking, Trade and Commerce should it in due course be given second reading. With those preliminary remarks, I will give you the explanation I prepared last December because, notwithstanding the long delay in the other place, no amendment of any consequence was made.

Senator Flynn: Despite our report.

Senator Cook: Quite. We can make a second report. Perhaps they will do something then.

Bill C-22 is intended to implement the ways and means motion which was originally tendered by the Minister of Finance with his budget resolutions on May 25, 1976. By resolution of the Senate of November 16, 1976, the Banking Committee was authorized to examine and report upon the subject matter of the bill. On December 8, 1976, the committee reported to the Senate, and the report outlined the main provisions of the proposed legislation. The Banking Committee reported favourably upon the bill, subject to some misgivings, and in a few moments I will draw these points to the attention of the Senate.

As I have said, the bill is, in the main, a relieving measure, except for one important provision. I refer, of course, to the individual surtax imposed by clause 65 of the bill. This surtax is imposed upon individuals and trusts other than mutual funds, and is imposed for the taxation year 1976 only. The additional tax is 10 per cent of the tax that is now imposed when the present tax is in excess of $8,000. In other words, if the existing federal tax is assessed at $10,000 the taxpayer will pay a further $200; that is, 10 per cent on the tax of $10,000 less the $8,000 allowance which is stipulated for in the bill; $10,000 less $8,000 equals $2,000, which would be subject to the 10 per cent surtax. This measure will therefore affect only taxpayers with taxable incomes of more than $30,000.

The principal relieving measures relate to: first, preferred compensation plans; secondly, child care expense deductions; and thirdly, small business deductions.

Taking these subject matters in turn, the first is deferred compensation plans. I refer honourable senators to the report of the Banking, Trade and Commerce Committee, which reads in part as follows:

DEFERRED COMPENSATION PLANS

> Your committee welcomes the proposed amendments to the Act (Clauses 1, 5 and 56 (4)) to increase the maximum amounts deductible for contributions to deferred compensation plans. The proposed maximum for 1976 and subsequent years is as follows:

	Maximum deduction presently available	Proposed maximum
Employee's contribution to registered pension plan	$2,500	$3,500
Employee's combined contribution to registered pension plan and registered retirement savings plan	$2,500	$3,500
Employer's contribution to deferred profit sharing plan	$2,500	$3,500
Self-Employed person's contribution to registered retirement savings plan	$4,000	$5,500

● (2020)

> The act contains no limitation on the amounts a taxpayer may contribute each year to registered retirement savings plans and deferred profit sharing plans; the Act only contains limitations on the amounts taxpayers may deduct in computing their income subject to tax. Certain taxpayers have found it to their advantage to contribute amounts in excess of the maximum amounts available for deduction purposes to these plans because the earnings of such contributions would not be subject to tax while held by the plans.

> The bill proposes (Clause 69) a tax of one percent (1%) per month on contributions by taxpayers in excess of $5,500 per year to each of their registered retirement savings plans and deferred profit sharing plans to discourage this practice.

Your committee and very many taxpayers are concerned with some features of registered pension plans and registered retirement savings plans, and devoted a good deal of time to considering these plans. You will be glad to hear that the Minister of Finance is undertaking further study of the inflexibility that confronts the owners of these savings when the plans mature.

Honourable senators will welcome clause 21 of the bill, which doubles the maximum deduction for child care expense. The maximum deduction upon the passage of the bill will be $30 per week per child, a maximum of $1,000 per year per child and a maximum annual limit of $4,000 per family.

The final major relieving provision relates to small business deduction.

A measure of substantial benefit to incorporated small businesses, which play such a leading role in our economy, involves a further major increase in the small business deduction limits. Effective for 1976 and subsequent taxation years, the maximum annual amount of active business income of Canadian-controlled private corporations subject to the 25 per cent low rate will be increased from $100,000 to $150,000, and the total cumulative limit will be increased from $500,000 to $750,000. Canadian small business will save an additional $30 million in taxes in the first full year as a result of this measure.

The bill also, by clause 60, proposes substantial changes respecting the income tax treatment of charities. The purpose of the changes is to ensure that charities are not inhibited from carrying on their work in the most effective manner possible and at the same time to prevent abuses that could arise.

The report of the Banking Committee goes into some detail on this subject, and recommends for future consideration an amendment to the section. However, further information on the section, if required, could perhaps await the committee stage.

Clause 24 of the bill will allow taxpayers the full amount of Canadian exploration expenses incurred after May 25, 1976, and before July 1, 1979, in computing their income. The Income Tax Act now limits the deduction of such expenses for taxpayers who are not principal business corporations to 30 per cent per annum.

There are minor relieving amendments relating to imposition of capital gains tax on a taxpayer's principal residence. Transfers from one spouse to another of the amount of certain deductions is also somewhat simplified. These provisions were all approved by the Banking Committee, and once again the details of each subject matter could perhaps be better dealt with in committee.

The Banking Committee suggested certain other amendments but I do not think I need refer to these in detail as they go outside the sections of the bill which I am now explaining. However, if any senator would like to refer to the report, these amendments can, of course, be discussed in committee.

We come now to two sections which could be considered as warts on the face of the bill, and which were questioned by your committee. The first related to retroactive taxation. While it is general practice to enact retroactive legislation to give relief to taxpayers, clause 42(1) will enact a retroactive provision which in a small way could operate against the interests of taxpayers.

The purpose of the amendment is to prevent taxpayers living with their spouses from claiming a higher deduction equivalent to the marriage deduction for dependants in cases where it was the intent of the act that they only be entitled to a lesser deduction. In other words, taxpayers might be able to take advantage of the wording of the act to defeat the intent. Notwithstanding this proper fear, the Standing Senate Committee on Banking, Trade and Commerce felt that the retroactive effect of this amendment would create a dangerous precedent and the Senate should indicate its disapproval of any retroactive provision adversely affecting taxpayers.

Finally, clause 75 which relates to the use of a taxpayer's social insurance number incurred the disapproval of the committee, which feels that social insurance numbers should not be used or abused for purposes over and beyond those contemplated when they were originally introduced. Paragraph (6) of the report reads as follows:

> Clause 75 provides that resident individuals must insert their social insurance numbers on ownership certificates which must be completed when receiving interest or dividend payments in respect of bearer coupons or warrants. Should such an individual not provide his social insurance number, the bank or paying agent would be obliged to withhold 25 per cent of the interest or dividend payment.

This, of course, would be refunded by the department when the number is provided. This paragraph of the report continues:

> Your committee feels this would constitute an improper use of taxpayers' social insurance numbers and taxpayers should only be obliged to provide their proper names and addresses.

On motion of Senator Smith (Colchester), debate adjourned.

CANADIAN ARMED FORCES

INTERNATIONAL PEACEKEEPING—INQUIRY ANSWERED

Senator Desruisseaux inquired of the government pursuant to notice of November 18, 1976:

> 1. Where, outside of Canada, are Canadian Armed Forces participating in the maintenance of peace and security?
>
> 2. What is the size of the force in each case?
>
> 3. On whose invitation, at what cost per annum and for how long have Canadian Armed Forces been participating in each case?

4. What amounts, if any, with respect to these forces are unpaid or overdue and for what years?

5. What are the government's intentions for the coming year with respect to the participating forces in cases where there are unpaid or overdue amounts owing to Canada?

Senator Perrault: Answered.

I am informed by the Department of National Defence and the Secretary of State for External Affairs as follows:

1. United Nations Emergency Force Middle East (UNEF) operating in Israel and Egypt; United Nations Disengagement Observer Force (UNDOF) operating in Israel and Syria; United Nations Truce Supervision Organization (UNTSO) operating in Israel, Egypt, Jordan, Lebanon and Syria; United Nations Force in Cyprus (UNFICYP) operating in Cyprus; United Nations Military Observer Group India-Pakistan (UNMOGIP) operating in India and Pakistan; United Nations Command Military Armistice Commission (UNCMAC) operating in South Korea.

2. UNEF—875 all ranks; UNDOF—171 all ranks; UNTSO—20 officers; UNFICYP—515 all ranks; UNMOGIP—9 officers; UNCMAC—1 officer and 1 other rank for a total of two.

3.

Force	Date and Means of Establishment	Non-Recoverable Annual Cost to Canada	Length of Participation
UNEF	UN Security Council Resolution of 25 Oct. 73	$13,277,200*	Since Nov 73
UNDOF	Signing of Disengagement Agreement between Israel and Syria 31 May 1974	Included in above*	Since Jun 74
UNTSO	UN Security Council Resolutions of 29 May 48, 11 Aug 49 and 4 Jun 50	$ 519,600*	Since Jun 54
UNFICYP	UN Security Council Resolution Mar 64	$10,695,100*	Since Mar 64
UNMOGIP	UN Security Council Resolution Jan 49	$ 247,100*	Since Jan 49
UNCMAC	Signing of Armistice Agreement 27 Jul 53	$ 86,700*	Since Jul 53

*NOTE 1: Non-recoverable costs include Pay and Allowances, Transportation and Travel, and equipment and material for national purposes as applicable.

4. UNEF/UNDOF—1974 $233,000; 1975 $1,504,000; 1976 $639,000 (to date).

UNTSO—No outstanding balance.

UNFICYP—1964-73 No outstanding balance. 1974 $810,000; 1975 $629,000; 1976 $206,000 (to date).

UNMOGIP—No outstanding balance.

UNCMAC—No outstanding balance.

5. The mandates of UNEF, UNDOF and UNFICYP are subject to renewal by the Security Council. All three peacekeeping operations are thought by the UN to be essential to the peace of the region in which they are located and the Government of Canada accepts this judgment. However, it is not satisfied with the voluntary arrangements for the financing of UNFICYP and as a member of the Security Council will continue its efforts to encourage greater support for the Force. The financial arrangements for UNEF/UNDOF are based on the principle of mandatory assessment and are generally satisfactory, although Canada regrets the withholding of payment by certain states for political reasons, which has resulted in delays in reimbursing troop contributors. Canada is hopeful that unpaid balances will eventually be settled.

LABOUR RELATIONS

EFFECTS ON THE ECONOMY—DEBATE ADJOURNED

Hon. Jean Marchand rose pursuant to notice of February 9:

That he will call the attention of the Senate to certain fundamental problems which preoccupy Canadians, namely, problems of labour relations in the country and certain related problems of economic order.

[*Translation*]

He said: Honourable senators, I would like first to pay tribute to Madam Speaker for her impartiality, for her intelligence and for the way she presides over the debates in this house and the decorum she maintains. I congratulate her for this. It is very impressive for a new senator. I am sure this atmosphere will continue to prevail in this house.

[*English*]

I also wish to thank my two honourable bodyguards who dragged me against my will towards Madam Speaker. I resisted by digging my heels in the rug, but they were too strong for me and I had to submit.

Hon. Senators: Oh, oh.

Senator Marchand: I also wish to thank my friend, the Leader of the Opposition, Senator Flynn, who was gracious

enough to have kind words for me, even if we are not supposed to be sitting on the same side of the house.

Senator Flynn: But we are.

● (2030)

Senator Marchand: Finally, I want to thank those who, wanting to respect my humility, said nothing. The result is that I do not have too many wounds to heal.

[*Translation*]

My appointment to the Senate, honourable senators, may have come as quite a surprise to a great many of you but it did to me too.

Senator Flynn: Not to me.

Senator Marchand: Of course, I believe that the thought does enter the mind of every member of Parliament, for some reason or another. One never knows when it will happen. Personally, I thought it would happen much later but for the reasons you all know, it came much earlier. And I am reminded, honourable senators, of an inscription I read—and I assure you, honourable senators, that there is nothing in what I will say—it is an inscription to be found at the entrance to the St. Sylvestre cemetery in France and which reads as follows:

> Passant qui passez, ne pensez-vous pas passer par ce passage où passant, j'ai passé. Si vous n'y pensez pas passant, vous n'êtes pas sage, car en n'y pensant pas, vous vous y verrez passer.

Loosely translated, it means that whoever goes by thinking he will not pass this way, as I did, is a fool because he will even if he would rather not think about it. But here I am amongst you, determined not only to take part in your work but also to fight for our common ideals and be as active as possible so that the Senate will really be equal to its past achievements, equal to the reputation it deserves, the reputation it was meant to have by the Constitution and that many would like it to have in our society.

Honourable senators, I wish to talk briefly tonight about what happened in Quebec or rather of certain aspects of the situation. I have noticed in the debate going on in Canada, in French-speaking Canada but mainly in English-speaking Canada, a simplification of the problem which arose in Quebec.

[*English*]

For some, it is a very simple thing. They feel they have the answer. For them, there are no insurmountable problems. It is the view of some that the Quebec problem will be solved by simply reducing unemployment and increasing prosperity, or through greater use of the French language. I regret to say, honourable senators, that that is not the way I view the problem. To my mind, it is much more complex than that. It is a problem which will not be easily solved.

[*Translation*]

When studying the Quebec problem, there are some who evidently restrict it to the nationalistic phenomenon—the pequistes, the nationalists who have succeeded, through various circumstances, in taking over power and endangering the life of our country. There are finally those who try to convince the nationalists and the separatists that it would be very bad for Quebec to separate from the rest of Canada and that Quebec should stay within the country as a whole in order to take advantage of a greater prosperity and higher standards of living.

[*English*]

I must tell you, honourable senators, that I personally believe that as far as this group of nationalists in Quebec is concerned—and it is quite a large group; I would not want to put any figure on it but it is a growing group—whatever argument we may use in this respect, I do not think for a moment it is going to change the mind of a single one of them. It reminds me of Denis de Rougemont, a French author who went to Russia and Germany during the thirties, and who, when he returned, wrote in a French newspaper, "If ever you meet a young Russian or a young German face to face you will see all the futility of having merely reason,"—because the problem is not at that level. You can convince a certain number of people—what we would call reasonable people—but for the others I tell you that they are not the majority. I am convinced they are not the majority. I think they are an important minority, but they are still not the majority. But if they were the majority my conviction is that it would be useless. We might do anything, such as changing the Constituion, or having all the debates here in French and having French all over the place, but I think this matter would still have to follow its normal course to the end. That is my personal conviction, and I think this is the lesson we have learned from history too. This, honourable senators, is one problem, but it is not the one I want to deal with now.

[*Translation*]

How come that, at that time, the separatists came to power? Is it because they had succeeded in convincing the majority of Quebecers that separation would be a good thing? I simply want to draw up a succinct list of the problems confronting Quebec prior to the provincial election. Honourable senators, as you know, I was one of the unsuccessful candidates—not only unsuccessful but also one of the victims of the provincial election. You had to live it to understand what it was. I already have experienced several elections, I have been in public life for 35 years, in extremely difficult situations, such as the trade union movement, but I have never seen anything like the last provincial election in Quebec.

What was at stake then? Of course, there was the nationalist problem, the problem of independence, which kept emerging in the history of Canada from 1763 or 1760—through the Quebec Act, the Constitutional Act, the Union Act, the British North America Act; in short, ever since the beginning there has been this constant nationalist movement in Quebec, which is more or less strong, according to circumstances. But what was new this time? First, there was the strike, or the strikes in the public and semi-public sectors: Hospitals were paralyzed, schools and universities were closed, Hydro Quebec was sabotaged. There was the Olympics, which caused many disagreements. There was a confrontation between the provincial gov-

ernment and what is known as the common front; namely, the three major trade unions, QTA, CNTU and QFL. There were rising prices and inflation. There was unemployment. And there was this extremely touchy issue, which hurt all of us, the "gens de l'Air" problem. There were constitutional problems. There was the problem of income control as well as Bill 22 and, of course, the Olympics. There was the political problem arising from the imbalance at the Quebec Legislative Assembly where one party had 102 seats while the others were practically unrepresented we had the bilingualism and the regional development problems—all of them at the same time. Incidentally, as I was telling some of my friends about the situation in Quebec, a few months before the provincial elections, I was prompted by the conditions prevailing there to say to them that the first political party, the first politician who would dare appear before the voters would get killed. It was an untenable position as all these elements combined and played their parts concurrently. Of course some of them were not under federal jurisdiction. The Olympics, for example, were Mr. Drapeau's responsibility, whereas inflation comes within the federal government's jurisdiction. But as you know, the electorate gives a general, not a municipal or provincial kind of response, and dissatisfied voters tell the first politician they happen to meet of their displeasure by voting him out.

I do not intend to deal with all those matters this evening, because I will have more opportunities to do so, but I wanted to deliver my first speech in the Senate on most of those points. I intend to speak about them either in Quebec or elsewhere in Canada, but the situation in Quebec is quite explosive.

As I say, the situation in Quebec is extremely complex and difficult. Not only do those who proffer simplistic solutions not help to solve the problem, they confuse the issue and will eventually prevent us from solving it.

Now, there are two aspects I would like to deal with. One may be somewhat technical but I shall try to make it as clear as possible. There is, on the whole, the problem of confrontation between the state and the unions. For the first time in the history of the Province of Quebec, we see such a confrontation in the province; but it has also occurred in Ottawa, that is, in the rest of the country, through CALPA and CATCA, as also in the case of the Canadian Labour Congress.

[*English*]

● (2040)

The Canadian Labour Congress decided to call a general strike against a definite policy of the federal government. What does that mean exactly? In order to understand exactly what it means, you must know what the philosophic basis is of our labour relations legislation. In order to know that you have to examine the Wagner Act which was passed under Roosevelt in the United States in 1935.

Perhaps you will say that that is pretty remote. Well, I have to go that far away because it is the only place to go. That is where the philosophy and structure of our labour relations were defined for the first time in North America. And I tell you that our own law, the first one, which was CP-1003, for those who are as old as I am, which was passed in 1944, was copied, in its spirit at least, from the Wagner Act, and immediately after that a labour relations act was passed in Quebec in February 1944, and all of the labour relations acts in all of the other provinces also followed right away.

So what is the meaning of this Wagner Act? Before the Wagner Act was passed in the United States, there used to be a particular kind of trouble in the industrial world. First of all, there used to be fights between unions to decide what union would be recognized by an employer. I am not suggesting that was the situation in all cases, but that situation was so widespread that it became a matter of deep concern or worry for the government. When one fight was finished and one union had the majority, and therefore the control of the workers, a second fight occurred. This was against the employer, and its purpose was to have the union recognized by the employer, because there was no law compelling the employer to recognize the union. Once that fight was over and the union was recognized, a third fight occurred. This was a fight on the agreement itself, because the union wanted to be recognized not simply for the sake of being recognized but in order to have a signed agreement which would benefit it.

So someone around Roosevelt's time made a decision with respect to this whole situation. Unfortunately, I cannot remember who it was. Some of my colleagues here who are better acquainted with the labour movement probably do. Just in passing, I think of Senator Forsey who wrote a history of the labour movement in Canada, and if any of you are interested in knowing how the labour movement developed in Canada, you could benefit from reading Senator Forsey's book, which is well written and most interesting.

Some Hon. Senators: Hear, hear.

Senator Marchand: In any event, the situation was that someone, under the National Industrial Recovery Act, if my memory serves me well, decided that the union that had the majority of a group was the bargaining unit, and it would be the sole representative of the whole group. So that ended what we would call in English the jurisdictional fights between the unions. The second step was that the employer would have to recognize the union that had the majority, and would be compelled to negotiate in good faith with that union.

Now, what is the significance of that? Well, in order to explain what has been going on in Quebec and elsewhere I will have to go back a bit in history. First of all, when in North America we speak of freedom of association—and I mean in the industrial field or those groups falling under our industrial acts—that means freedom of the majority, not the freedom of all individuals. In other words, if you work in a steel plant in Hamilton you will have to join the Steel Workers of America. If you work at Price Brothers in Kenogami, or with the pulp and sulphite workers, you will have to join the national union, the CNTU. If you work in a hospital or are a civil servant in Quebec, you will have to join the CNTU, and here in Ottawa you will have to join the Alliance. So when we speak about freedom of association it is the freedom of the majority. If you

do not agree with that, that is just too bad. But there is no other way of being recognized.

In addition to that, you have what we call the union security clauses in the agreement, because when you have this monopoly of representation established by law, you then have an agreement which usually says that if you are a member of the union you stay a member of the union, and you sign a card in order that the dues may be collected by the employer. You will have to pay, or you will have to join.

• (2050)

That means that the whole system is based on a certain freedom—not a complete freedom, but a limited freedom, and that freedom is the freedom of the majority.

How do you compare that with Europe? In France, for example, or almost any other country, you join the union of your choice. If you are a communist in France, you join the CGT. If you are a socialist, you join la force ouvrière, and there is no monopoly of representation of any kind. It means that the union you join represents, or that its ideology corresponds with, your ideology.

In Canada that is not so. That is why it was always very difficult and, I might say, almost impossible, for the unions in Canada or in North America to bring the workers to support one political party. Why? Because they do not join a union because of the ideology of that union. I do not know what is the ideology of the carpenters' union. I have no idea whatsoever, and I do not think any other honourable senator knows. However, the workers do not join a union for that. So when the union takes a political stand and says, "Well, we, the union, say you should support this or that party," it is just too bad, and I do not know where they get the mandate to say that.

Hon. Senators: Hear, hear!

Senator Marchand: The result is that if honourable senators look at the history of the labour movement in Canada—starting in 1943, when the Canadian Congress of Labour decided to support the CCF—they will see that the majority of the members probably never supported the CCF. I say that not because I am opposed to the CCF, but because I have had some personal experience.

I recall the asbestos strike. Some honourable senators here may have heard of that strike. I was the leader of the strike, and therefore recall it well. It will be recalled that we were fighting Mr. Duplessis. It was an open fight against Mr. Duplessis. We controlled all the mines except a small one called the Bell Mine. It was a hard fight and one which spread throughout the province. Even the bishops were involved.

There was a municipal election during the strike, and Mr. Duplessis decided to present his candidate as mayor. French Canadians in and around Quebec will all recall Tancrède l'Abbé, who was Minister of State in Mr. Duplessis' cabinet. I held a meeting with my men and said, "Well, let's give him a real fight." This occurred in the middle of the strike. We worked hard to defeat that man who, for us, was the symbol of all that we were suffering in the asbestos industry.

Well, he was elected. That night I thought I would die. I could not understand it at all. So the following day, after I had recovered a little, I saw a few friends and said, "Well, can you explain that to me? This is nonsense. We have been fighting this government, and then this happens." My friends said to me, "Jean, we like you very much when you negotiate agreements, but politics is not your business. It is as simple as that: politics is not your business." So they elected Tancrède L'Abbé, and with a damned good majority.

Senator Fournier (de Lanaudière): And they did well. I know him personally.

Senator Marchand: Because of our system, it is very difficult, through the central union, the parent body, to take a political stand. That does not mean that the unions cannot become involved in politics, because unions in North America have always been involved in politics. They make representations to the government, they are members of boards, they prepare and present briefs, and they publicly support certain measures. That is politics, and it is normal. It is part of the game. We have the unions negotiating, and through the parent bodies; provincial and national, we make representations to try to improve the welfare of the workers. That, I think, is entirely normal and it should be kept that way. I support that.

But when labour agreements are used to compel the government to do something outside the scope of the agreement, then unions are no longer acting within the same system. They are changing the system. We cannot have, at the same time, the European system and the American system. We cannot have a monopoly of representation, which is something unique all over the world, for the protection of agreements, and, at the same time, have the freedom to do whatever we want or whatever the union dictates.

When CALPA and CATCA decided to paralyze air traffic in Canada because they were not satisfied with the policy of the government, I say that was wrong and unacceptable. I would not mind if CALPA and CATCA came to Ottawa and said, "This is nonsense," and then met with members of the opposition and the press and applied pressure. But to call a strike and say to the government, "You are going to accept this or, before the Olympics, we will paralyze air transport in Canada," is what I call blackmail, and I do not think that any government can stand for it. They have now been doing the same thing in Quebec.

Senator Bourget: Exactly.

Senator Marchand: I shall not make any comment on that. The provincial government decided to recognize, as a bargaining agent, what we call the Front Commun. Why is that wrong in our system? It is wrong for one reason and that is that if you recognize the Front Commun there is no longer any flexibility possible in the negotiations, because the objectives are determined by the Front Commun—and that means the parent body, the CNTU-FTQ-CEQ and Mr. Charbonneau. Those objectives become of such importance that no one will compromise.

I recall that when I started in the labour movement I was an organizer of the Canadian Catholic Organization of Labour. We were fighting for the social doctrine of the church. We could not compromise on anything like that. Can one compromise on the social doctrine of the church? It is not possible. I recall a funny story about that.

● (2100)

However, the system has been built—and this is very important—in such a fashion that the local union may be recognized, rather than the union, or the parent body, itself. I tried to have some unions recognize what we call in French "a fédération professionnelle," but I never succeeded. And rightly so, because the system is that the employer negotiates with the local union, regardless of whether it is advised by the union or the parent body. The employer negotiates with the local, and if there are many locals they get together, although this is of their own free will; this is not imposed by the law. The only thing the law compels the employer to do is to negotiate in good faith with the union that is certified by the board. This is the only legal obligation they have.

Of course, the scope of the agreements is much wider than it used to be, and I know that Mrs. Shirley Goldenberg wrote a very interesting report on this for the professional workers, for example.

At this point I am going to talk a little bit about newspapermen. I regret this, because I will lose the game. But, I will do it just the same.

When the professional workers, the professional employees, were organized, they were not interested only in wages and hours of work; they were interested in their profession itself. They wanted to protect their profession through their agreement, so they widened the scope of the agreement. The same situation exists in the case of the newspapermen. From the moment they were recognized they were interested in more than hours of work, salaries and grievance procedures. They wanted to protect the freedom of information. They wanted to be free to report what they saw and to write what they thought, and this is a good thing. I think this is the way it should be. I do not think that because somebody owns a newspaper he should be able to compel a newsman to write something that he has not seen, or has not seen in that particular way, or to write something that he does not believe in. That is what freedom of information is all about, and I think that that is the way it should be. But the contrary is also true. I mean by that that the newsman cannot choose, in order to promote his own party or ideologies, to use the newspaper or the facilities it offers. One situation is as serious as the other. For example, the reporters of the Canadian Broadcasting Corporation—or Radio-Canada, in French—have no authority at all to use this institution to promote their own ideas. They are violating the spirit and the letter of the law when they do so.

The man who heads the CBC, Al Johnson, is a friend of mine, but, apart from that, he is a man I like. I think he is a very honest man. He cannot, however, control everything. I know that the programming of the CBC, or, at least, Radio-Canada, which I watch more often, has improved constantly since he has been there, and this I like, but it is at the information level where facts are distorted, and that is where, in Quebec, systematically in certain cases, they have simply supported the Parti Quebecois against the federal government and against the country. They used a federal institution to do this, and I think the unions themselves should discipline their members when they do such things.

You may say to me, "Well, you have spent your life organizing strikes." In fact, I was the one who led the CBC strike in Montreal in 1959. At that time I was told about all the tricks that those people can use in order to promote their own ideas, or to destroy somebody, for example, with the camera. You know, if you scratch your nose, that that will be the time for a close-up. It is very easy. There are a hundred ways to destroy a man. In an interview program you can invite somebody strong from one side, and somebody weak from the other. It is really very easy.

Of course, I know that Mr. Johnson cannot monitor all this—that would be impossible—but I tell you that Radio-Canada in Quebec—and I am speaking of the part which we call

[*Translation*]

Les affaires publiques is largely responsible and, if ever this country is destroyed, it will have been destroyed, in the main, I do not say totally, but in the main, by a federal institution that is financed by Canadians through their taxes. That is important.

The other night, I was listening to a reporter everyone probably knows. Besides, I shall not name him. He is a Belgian named DeVirieux.

Senator Fournier (de Lanaudière): Not to name anyone.

Senator Marchand: Here is a case of lack of professional ethics. I shall not speak of the accident because, as you know, I am in no position to speak of car accidents. Still, the way he described the man who died in the accident, saying he was an old soak, an old offender, a fellow who, in short, has not worked since 1945, had nothing to do with the case in which the public was interested. What is this obsession with tracking down someone who has just breathed his last? Who knows, it may have been his fault, I don't know. Why mention it? Just to show that, even a dog wouldn't be treated like that. Perhaps he was not better than a dog, perhaps he was worse, I do not know. But when you have a man who went to defend his country during the war.

Senator Fournier (de Lanaudière): You are right.

Senator Marchand: Well, when you consider this, you are disgusted. If it happens once, well you forgive. But when it is systematic, then it becomes dangerous. I do not say this happens everywhere on CBC. I do not say this happens everywhere on Radio-Canada. I mean the way they submit cases to the public. The way they put questions—I heard for example how they put questions to the Minister of Finance on CBC. It was really nauseating—forgive me the word but it was really nauseating. The questioning was biased from beginning

to end. The only objective was to put the federal government in an awkward position.

I do not object to embarrassing questions. It is natural. They are dealing with politics. The job of CBC is not to rescue the Liberal Party. It is not their job to rescue the Conservative Party. And it is not their job to rescue the CCF. But I am sure about one thing: the job of CBC is not to destroy this country. [*English*]

Honourable senators, after hearing me you will perhaps say, "Well, Marchand is against the unions now he is in the Senate." But I am not against the unions; I am for the unions. In fact, I would be ready tomorrow to start over and fight again all the fights I fought before in Quebec and outside Quebec. I still believe that the labour movement in North America is the institution that has contributed the most to the improvement of our legislation and to the welfare of the majority. So I hope there will be no interpretation to the effect that I am opposed to the labour unions. I am not opposed to the labour unions, but I am opposed to those who exploit the workers, not only in plants but intellectually and politically.

If there are some labour leaders who want to be involved in politics, why do they not do what I did? I simply resigned, and ran. That is all. It is so simple. But to do both at the same time is quite another matter. If you participate in politics, in the way I defined it, by making representations, by meeting with the government, by bringing political and social pressures to bear on them and so forth, that is one thing; but to use the weapon of the strike to compel the government to act illegally, as CALPA and CATCA did, and if that is accepted, as the House of Commons accepted it, there will be no more labour movement in Canada. There will be no longer a labour movement in Canada because it would be impossible to maintain this prerogative in the law which we call the monopoly of representation. I think it is a good feature of the law. I think our unions are very efficient in negotiations. I think we have better conditions than most other parts of the world because we have these kinds of union. Those interested in the labour movement can enter the labour movement, and those interested in politics can join political parties and fight there. Nobody is compelled to accept an ideology that he does not believe in or does not share.

● (2110)

I am not opposed to the teachers organizing. I remember very well that under Mr. Duplessis they did not even have the right of arbitration. The organization—the corporation, they called it at the time—refused to ask for arbitration. It was the labour movement that brought pressure to bear which resulted in the teacher's getting the right to go to arbitration when they were not satisfied with their working conditions. We did it. After that we filed for the right to strike.

You can ask, "What is your stand on that? Do you favour the right to strike in the public service?" My answer is yes. It will surprise some of you to hear that my answer is yes. I do not think there is any substitute for the right to strike. But—and there is a "but"—I remember making representations in Quebec in respect of the right to strike for the hospital employees and the civil servants, with Jean Lesage, who is a former colleague of many of you. I told them at the convention, "If ever you abuse that, you are going to die with it. You are going to die with it." You do not strike against the government in the same way that you strike against a private enterprise. Private enterprise is there to make a profit and, of course, it will try to exploit the market as much as it can. These are the rules of the game.

So the unions have the right to strike the moment they feel they can get better benefits from labour agreements. That is all right. But, you cannot do the same thing with the state. You cannot imagine for one moment that you will have a union that will have the government on its knees, and be able to say, "Now you are going to agree to what we are asking." If that occurs then I regret to say that you no longer have a government in the country. That is for those who know something of the labour movement. That was one of the tragedies of the labour movement called ELFO—I do not know what the name is in Swedish, but it refers to the civil servants' association. They did not want to be caught between the government they were supporting as socialists, and the organization of their employer.

Honourable senators, you can ask, "Why are you not for binding arbitration?" I am against binding arbitration. It is my view that nobody in this country should be able to go before the House of Commons and the Senate and say, "Here are the salaries you are going to pay to your employees." It is the prerogative of the government, of course, which reports to the House of Commons and the Senate, to decide that. We do not have the right to refer that to anybody. That means somebody may decide at one moment to impose conditions that will not be acceptable to the House of Commons, the Senate and the government. Nobody has this right.

But in the public service, unions have been civilized a little bit. Let me take the CGT strike in France, for example. What is the purpose of the strike? The purpose of the strike is not to defeat the government; its purpose is to draw the attention of the public to the conditions under which the workers are compelled to work. If the subway strike is paralyzing Paris, everybody asks what is going on, and the press can report what the workers are complaining about. But you do not see a permanent strike. In the public service in France you do not see that. You do not see it in Germany, and you do not see it in Sweden.

An Hon. Senator: Even in Italy?

Senator Marchand: Let's make some exceptions in respect of Italy.

I tell you that I prefer to have this right to strike, which is controlled by the union—controlled to take into account the fact that they cannot defeat the government through that method. This is not a proper way of doing it. I prefer drawing attention of the public to the workers' conditions to binding arbitration.

I cannot understand how, in a civilized society, you can close a university for six months. I do not blame the professors or the university, but I tell you that such a situation is unbearable. I think the structure of universities should be determined by governments, and not negotiated by the parties. That does not mean the professors do not have the right to defend their rights. They have the right to organize, to have a labour agreement to protect their freedom and so forth, the same as the newspapermen. The institution is not there to make money. The universities are there to prepare a new generation of professionals, technicians and intellectuals. This is the purpose of the universities. Where there are injustices, the professors must have a recourse, but I tell you that to my mind it is unthinkable that they can destroy a university because they do not agree on the way the universities should be run. I tell you this is the responsibility of the government. I do not blame anybody in the particular dispute that is going on now, but I tell you that I do not believe that we can maintain a society in those circumstances.

I come to my last point. So far as CATCA and CALPA are concerned, I tell you that I regret it. I know Mr. Maley declared that his purpose—and he declared it in *Time* magazine—is to stop bilingualism in Canada. I tell him that it is none of his damn business. If he wants to do that, let him stand for election and fight the government in that way.

An Hon. Senator: Moncton, probably.

Senator Marchand: They have created a very serious problem, and I must tell those who are not from Quebec that we were very much humiliated by this situation—humiliated. To the majority of French-Canadians, even those who are pro-federalists, it is unthinkable that the government should settle a strike by modifying its policy. Of course, I did not agree, and I resigned. I would do it again today if it had to be done, because I do not believe in that. I do not think the government should be blackmailed by anybody.

There are more and more power groups in society. Take, for example, the Manicouagan plant in Quebec. If you shut down the Manicouagan plant in Quebec during February, you close down the whole damn province. Everybody is going to freeze. Yet, there are a few hundred workers who have this power in their hands. This is when they say, "Everybody must be treated equally." There is no equality between the unions. There are unions that can paralyze the country from Halifax to Vancouver overnight. Then there are other unions that I have in mind such as, for example, those for the poor textile workers who can stay on strike for months and months and nobody worries. This is what they call equality. There is no such thing as equality.

● (2120)

They talk about the working class. There is no working class in Canada. There are working classes, which is a little bit different. There are reasons for that, which I could explain later on. Don't tell me that a pilot who gets $60,000 a year is the same kind of man as the man who sweeps the streets here in front of the Parliament Buildings at $6,000 a year. In Europe you do not have the same situation, but that is not what I want to deal with.

In Quebec the government had to face the common front, and a situation was created which was largely reflected in the vote in Quebec. To what extent I did not analyze, but it is true. Everybody now talks about cooperation between unions and management, about consultation and cooperation. When I hear that I ask how. One of the weaknesses of the labour movement in Canada is that the unions have not had enough money to conduct all the research that has been needed in order to meet the employers in rational negotiations. That is a fact. Senator Forsey can back me up on that. He was in that field for years, and was the most able man we had in the labour movement. There are negotiations, and I can tell you how the decisions are made most of the time. We have a meeting and say, "What are we going to ask for this year? In Montreal yesterday they asked for 67 cents an hour." The reaction is, "Oh, boy! We should ask for the same thing." But then you say, "No, let's ask for 75 cents, because we will have to compromise at 60 cents." There is nothing rational in all this.

The way in which the labour movement has been built is impossible. In the United States it is better because they have more money. The United Automobile Workers and the Steel Workers of America have enough money to be able to afford a good staff and a good research bureau; they can make a deal with the employers and negotiate on an equal level. That is not true of most of our small unions. This is why we have to have recourse to strikes.

I must here say something to my good friends of the labour movement. Do you know why the CNTU is now what it is? Because of controls during the war. You may ask how that should be. The CNTU had a very weak labour movement, which could hardly call a strike. When wages were frozen we had to go before the board and argue. A small union with no money only needed a good man who could argue to get as good a settlement as a big union with a lot of money. You may think I am kidding, but it is true. I tell you that the CNTU accomplished much more than any other labour movement during the war. This is why when they talk of controls I do not react in the same way as some others.

This will be my last point, honourable senators, because I do not want to abuse the time of the Senate. I will have other opportunities to speak. When we speak of the labour movement we do not know exactly what we are talking about. The Canadian Labour Congress is not the same thing as the CNTU, the Confederation of National Trade Unions. They are not built the same way. There are people who really represent the workers who are not known at all, but there are others who do not represent anything who are very well known and are considered as being strong men. When I see my good friends the newspaper men going to interview Mr. Laberge in Quebec, asking, "Mr. Laberge, do you think we are going to have a general strike?" I do not even read the answer because I know very well Mr. Laberge has not got this power. If Mr. Jean Gérin-Lajoie says the same thing I start to worry,

because he represents workers, he represents something. When Mr. Joe Morris says he is going to call a general strike in Canada, some people are frightened because Joe Morris has decided that. I like Joe Morris very much; I have nothing against him; but I know very well he cannot call a general strike in Canada; he does not have this power, unless each of the unions say, "We are going to call a general strike."

They recently described what they called a general strike in Canada as their success. I regret to say that it was not a success. It was a failure in their fight against controls in Canada. When they say a million workers were paralyzed by the strike, I must tell you immediately that at least half of them were prevented from going to work because transportation was paralyzed. Probably many hundreds of thousands were on strike because they did not like to be called scabs and they decided to take leave of absence or sick leave or something like that. Do you think there was a general strike in Canada? We never had a general strike in Canada. Why? Not because the workers don't want to defend their interests but because of the way the labour movement is built. As I explained to you, the strength is at the base. The local union controls, and has a monopoly of representation. The union has the strike fund, which is very important—not the Canadian Labour Congress, but the union. Most of the time it concerns the American unions from the States. The serious question is: When you have to cooperate with the labour movement, with whom do you cooperate?

I can say the same thing about the employers. When you talk about the Canadian Manufacturers' Association, what do they represent? Who feels that they are bound by the CMA? Do you feel bound? You don't. Nobody feels it. You have the government talking together with the chambers of commerce, the CMA, the Canadian Labour Congress, the CNTU, all those people here in Ottawa saying, "Let's have consultation in order to manage the economy properly." I wouldn't waste five minutes there. But if you tell me that the director of the steel workers, the director of the paper mill workers, the directors of the unions which control their membership and are responsible for labour agreements are getting together in the hall, then I say, "Hey! Let's talk business. Mr. Laberge, you can stay out. We will tell you what is going on afterwards." This is very difficult for people who are not within the labour movement to understand, because some of them are sure that Mr. Laberge is somebody who can control the whole thing.

Just one last laugh—at least for me. One day I appeared before a committee of the Legislative Assembly in Quebec, when the name was the Legislative Assembly. We were asking for amendments to the Labour Relations Act. We had present a predecessor of Senator Sarto Fournier, Mr. Jean Drapeau. Also present were representatives of the FTQ, the Quebec Federation of Labour, the CNTU, the Chamber of Commerce, and so forth—all the organizations which were interested in that legislation. Each organization in turn disclosed the number of people it represented, and I took my pencil and wrote, "Mr. Drapeau, two million; Mr. Laberge, 250,000 and the remainder. I said: "Hey, do you know what the population of Quebec is? It is 10,500,000."

• (2130)

I wish to finish on this point, because otherwise I would be much too long. We in this country really have to work together in the field of labour relations. I have been in public or semi-public life for 35 years, and what has struck me most is that Canadians do not know Canada; we do not know each other. We know our region; we know our community; sometimes we know a little about our province, but we do not know each other. We cannot have a united country if we do not understand the problems of others. We cannot understand British Columbia if we do not understand that that province has two important ports on the Pacific ocean, that it exports lumber, plywood and minerals of many kinds, and is close to the United States. Also, of course, British Columbia is very interested in external trade, not only with the United States but with Japan and other Asian countries. If we do not understand that, we do not understand British Columbia.

What about the prairie provinces? Wheat crops are sometimes good and sometimes bad. If the price is good the producers spend the winter in Hawaii; if the crop is poor, they spend the winter here in Ottawa complaining about it.

Now, people in this large province of Ontario say, "We pay the whole shot; we pay for everything. We pay the equalization payments, and the Maritimes get money from Ontario and British Columbia." Well, we may say to Ontario, "If you did not have the federal government with its tariff policy protecting your products against American competition, half your industries would disappear tomorrow. Your industries exist because there is this protection. Westerners and easterners have to buy your products because they don't have any choice, and they must pay more because these products are protected against American imports."

The maritimes, of course, need the rest of Canada, as does Quebec. The province of Newfoundland cannot do anything it wants, not because Newfoundlanders are not good people but because the problems in that province are so different. Newfoundland is far away from the markets, climatic conditions are difficult, and so it is a very difficult province. This applies also to New Brunswick. The point is that in this country we all need each other. It is not true that no one gives anything to anyone. When we talk of equalization payments and regional development, we are not talking about making gifts to anyone. We are not taking money from anyone; we are just equalizing income a little, sharing Canada's opportunities. If this were not done it would mean that some parts of the country could not survive. Ontario could not live without decent markets. Well, I have nothing against Ontario.

We have other problems such as our linguistic problem. The problem of Quebec is a real problem. It is not something that has been invented just to embarrass Canada. You know, nations are not theories; they are facts. I was born in Champlain near Trois-Rivières and I speak French, but that does not mean that I speak French much more fluently than I speak English.

We have this community of Quebec with its territories, its resources and its government, and, of course, it creates a problem. But at the same time it is a wealth for the whole of Canada. In my opinion we can modify many things in Canada to accommodate Quebec, and to accommodate British Columbia. Provinces today are not the same provinces they were 25 years ago. Things are entirely different. I firmly believe that we need a strong central government, but it does not have to control everything. It has to control in order to maintain the economy and protect our standard of living. It must do this, but many things can be administered by the provinces.

Do you wish to have an idea of how different things are? In 1946 Quebec's budget was $350 million. Today it is $11 billion. They say they lost power. I do not know where. However, it is just an attitude of change. Even taking inflation into account, you will see that the provinces are much more powerful than they were. There was a time when Alberta was a have-not province, and boy, oh boy, they were so close to Ottawa that sometimes we were confused. However, it is now a rich province and it says it can manage its business alone. If tomorrow oil is found in Nova Scotia and it becomes a rich province, will it take the same attitude? We must understand all this and get together. We can play politics; this is part of the game. We do not all have to share the same ideology or the same opinions, but when national unity is at stake I believe that we should put aside partisan attitudes to protect and save Canada.

I believe that Canada is more important than the Liberal party; it is more important than any party. This is what we must understand. That does not mean that because we are in danger all the others should disappear, but I do not think that we should play politics with anything and everything. In Quebec, unfortunately, this has happened too often. What did happen, and is happening, is that in the rest of Canada they really do not understand in depth what is going on in Quebec.

The next speech I am to make will not be in the Senate, but in Toronto or Burlington, and I intend to deal with this subject. I believe that English Canada will have to understand what I am saying; if it does not understand it, it is just too bad. I tell you that life is impossible for us here. That is all. I have been in Ottawa with a broad mind—as broad a mind as could be—and I tell you that I have suffered frustrations on many occasions. However, I believe that that is the price we must pay to have a country, but you must understand that we suffer those frustrations.

I thank you very much, honourable senators, for listening to me. I wanted to make these few remarks at the commencement of my career in the Senate. I hope those who heard them and those who read them will not react as racists, but as Canadians. Being Canadians, we have to accept that there are five million people in the province of Quebec whose language and culture is French. We have to accept that the French language can be used for purposes of air traffic control over the province of Quebec without its resulting in accidents and death. Having been the Minister of Transport, I know damn well that 99.9 per cent of accidents occurred when the English language was being used by both controllers and pilots.

• (2140)

In any event, the question of the language to be used for air traffic control will be resolved by those studying it, but we do not need incidents such as that which took place in the Maple Leaf Gardens in Toronto; we do not need reactions such as that of the gentleman in Windsor, Ontario, who said he did not want a French language school in Windsor because he was a bigot.

I, along with others, have been fighting in the province of Quebec for this country. I believe in Canada, and I hope my English confreres in this chamber and in the other place are going to fight as much as we in the province of Quebec have in order to keep this country together. To do so, we will have to solve the problems I enumerated during the course of my remarks.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 16, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Textile and Clothing Board, dated November 1, 1976, to the Minister of Industry, Trade and Commerce, pursuant to section 19 of the Textile and Clothing Board Act, Chapter 39, Statutes of Canada, 1970-71-72, respecting broadwoven nylon and filament polyester fabrics.

Supplementary Report of the Textile and Clothing Board, dated November 3, 1976, to the Minister of Industry, Trade and Commerce, pursuant to section 19 of the Textile and Clothing Board Act, Chapter 39, Statutes of Canada, 1970-71-72, respecting double-knit fabrics.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. The Elk River Timber Company Limited, Campbell River, British Columbia and its Executive and Supervisory Groups. Orders dated February 14, 1977.

2. St. Lawrence Lodge, Home for the Aged, Brockville, Ontario and certain groups of its employees. Orders dated February 14, 1977.

RADIO-CANADA

PROPOSED APPEARANCE BEFORE SENATE COMMITTEE OF PRESIDENT OF CBC AND COMMENTATORS—QUESTION

[*Translation*]

Senator Asselin: Honourable senators, I would like to ask a question to the government leader. Since Senator Marchand in his speech yesterday formally accused some CBC French network employees, either interviewers or commentators, of attempting to destroy Canadian unity—he was referring to their comments and reports on political events in Quebec—I wonder if it would be relevant, given the seriousness of the question now that Canadian unity is being challenged, for the government to have appear before the appropriate committee of the Senate and the House of Commons—of the Senate, in our case—the CBC president as well as people mentioned by Senator Marchand yesterday who, according to him, were doing everything to destroy national unity? Since we know also that the CBC aims at preserving the unity of the country through its programs, would it be appropriate that the Senate have the CBC president and people mentioned yesterday evening appear before the Senate Committee on Transport and Communications? This would give them an opportunity to defend themselves, besides enabling us to ascertain whether those charges are justified and ensuring that in future the CBC play its role which, as I said earlier, is to preserve Canadian unity?

I repeat that I think it would be relevant and most urgent, given the precarious situation of national unity, to allow those people to appear before the committee so they could state their intentions and also to ascertain that they assume their responsibility as assigned by parliamentary legislation.

[*English*]

Senator Perrault: Honourable senators, the proposal should be given serious consideration. I suggest, however, that any individual senator, on his own initiative, may propose a motion. In this case, it might receive widespread support. Certainly, however, the proposal put forth by the honourable senator will be given serious consideration.

Senator Flynn: In view of the fact that the accusations were made by a supporter of the government, and a former Minister of Transport, I think these charges should be given more serious attention than if they had been made by any other individual member of this chamber.

• (1410)

Senator Perrault: Every senator speaks in his own right. There are no restrictions placed on comments made by individual senators.

Senator Flynn: I know, but if it came from us it might be looked at as being a bit partisan.

Senator Perrault: I want to assure honourable senators that there will be no resistance on the part of the government to the introduction of a resolution in this chamber to have the President of the CBC appear before one of our committees. If Senator Asselin wishes to make that motion, other honourable senators in their own right will say whether they wish to support that decision.

Senator Flynn: I think it would be appropriate if Senator Marchand were to move that motion.

Senator Riley: You move it and the Leader of the Government will second it.

INCOME TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Cook for the second reading of Bill C-22, to amend the statute law relating to income tax.

Hon. George I. Smith: Honourable senators, I should say at once that I do not rise to argue that second reading should not be given to this bill, or that it should not go to committee. I do in fact feel it should go to the appropriate committee, and consequently I am in favour of second reading. That, however, does not mean that I am in favour of everything that is in the bill, or of omitting everything that is not dealt with in the bill. There are some matters related to the bill which should receive particular attention.

My first comment is that the bill obviously and clearly is intended to implement the proposals of the budget speech of last May. It will not have escaped your notice, I am sure, that the budget was brought down in late May of 1976, almost nine months ago. Here we are, three-quarters of a year later, hastening to pass this bill before the first day of March so that we may legalize what has been going on for all of these months, and particularly legalize what has been advertised by countless financial institutions throughout the country, and no doubt acted upon by countless individuals. This relates to the plan referred to as RRSP or Registered Retirement Savings Plan.

That we are now in this situation, I suggest, is indeed a sad, sad commentary on the ability of this government, this faltering government, to manage the business of Parliament. No wonder it has proved so feckless in carrying out is prime duty, managing the business of this great country.

Senator Perrault: Don't become partisan now.

Senator Smith (Colchester): I should find no difficulty, as I have said before, to stay as far away from partisanship as the Leader of the Government does. I am sure I shall not cross any boundary in relation to partisanship that he has not previously crossed.

This is simply a housekeeping bill, though it is in a field of the widest scope which in these difficult times should be utilized to its utmost potential to improve our general economic situation as individual citizens and as a country—the field of taxation.

In this bill, honourable senators, in these troublous times we find no bold initiatives, no new concepts, no substantial action even on old concepts or building upon them. It is just a housekeeping effort, just like sweeping the floor when the house is in danger of burning down. Surely we should have had before us in this legislation not only the things that are there now, the things the government feels appropriate, but at least a substantial reduction in taxation, particularly in the taxation of personal incomes. However, we do not.

Let me say this about taxation and the general conduct of affairs by this government. This cannot possibly be partisan, because I have a quotation from the product of the mind and pen of that well-known Liberal, Mr. Asper, who will be well-known to our friends from the west as a great supporter of the Liberal Party. He said, as recently as November 19:

> Canada is truly a country adrift; one with no discernible foreign policy, with which the public can identify; one which rations its massive and untapped energy resources by the strange means of overcharging, through taxation, the people for what should be a plentiful resource; one which cries out, on the one hand, for new business entrepreneurship, but bludgeons efforts towards it, on the other hand, with legislative and tax disincentives, to mention but a few facts of our national schizophrenia.

It seems to me that this eminent and highly respected member of the party which supports the government, this highly respected authority on taxation, has said exactly what needs to be said to describe the present situation, the present attitudes and the present activities of this government. No wonder the honourable and very able senator who sponsored this bill did not, or could not, find very much to enthuse him. No wonder in reading his speech one gains the impression that he really damned it with faint praise, and very faint praise indeed.

The statistics on personal income tax are to this general effect. For 1976 the government has estimated a 26 per cent increase in revenue from aggregate personal income tax; a 26 per cent increase in one year. To show just how the importance of personal income tax has increased in the total concept of government revenues, may I draw honourable senators' attention to this. In 1968 personal income tax represented a total of about 34 per cent of the total revenue. In 1976, if the estimates of the Minister of Finance are correct, it will be almost 53 per cent, an increase of 18 per cent, half as much again, in relation to the total revenues of the country.

• (1420)

So much for general comments. I would like to turn, only for a very short time, to some of the specifics of the bill. The first comment I should like to make is similar to one made last evening by the sponsor. It is that the Standing Senate Committee on Banking, Trade and Commerce considered the subject matter of this bill last fall, before the bill itself could come to us, and made a report which is contained in the Committee's proceedings of Wednesday, December 8, 1976. I am constrained to say that as I read the text of the bill which is now before us I find it difficult indeed to ascertain that any of the well considered, thoroughly reasoned conclusions of that committee have found their way into the context of the bill and its provisions. That is a matter which seems to me to merit the attention of all honourable senators, and to merit particular attention if and when, as I suppose will be the case, the bill itself rather than just the subject matter finds its way soon to the same committee.

I will not repeat in full the references to the report made by the sponsor last evening, but I would like to mention a few of them. The report on page 7:6 refers to the proposed changes in registered retirement savings plans. After some comments describing the plans and the existing regulations concerning them, the report goes on to say:

> Only the two options are available at maturity of a plan: to take all funds out of the plan or to purchase a life annuity from an insurance company.

> The first alternative will subject taxpayers to immediate tax on the proceeds received. By purchasing an annuity, a taxpayer may defer the payment of tax and, in all probability, pay tax at a lower marginal rate. By doing so, however, he loses control over the assets which accumulated in his plan. Annuities issued by insurance companies may provide a lower rate of return than might be available otherwise, together with eventual loss of capital.
>
> While the committee recognizes the problems caused by this inflexibility, it is also aware of the advantages.

The committee also recognized the relationship of this particular system to the achievement of the original intentions in the legislation which established such plans.

Then, on the next page of the report, numbered 7:7, it is said:

> The Minister of Finance is undertaking further study of the inflexibility that appears at maturity of a plan. An investigation will be made to determine whether the inflexible provisions should be changed in the interests of the taxpayer. Your committee encourages such study.

It is my respectful submission that this would be a very appropriate item for the committee to examine when it now receives this bill.

The next item that I should like to mention is the child care expense deduction. That provision, of course, is particularly important from the point of view of working mothers and fathers who are the heads of single parent households. There is a good case to be made for the proposition that the deduction does not go far enough. In any event, this particular provision, if approved, will be of substantial assistance to those concerned.

Clause 60 contains changes with respect to charities. The proposed changes are said to be, and probably correctly so, an improvement which will be of assistance to the fundamentally proper work of charities. There are some provisions, however, which may relate adversely to contributions from foreign sources, or vice versa, and perhaps that is an area which the committee might look at.

The increase in the small business deduction is worthy of approval, and I have no hesitation in commending it to the favourable consideration of the house.

The proposed changes with respect to Canadian exploration expenses seem to me to be a step in the right direction. I cannot help recalling that approximately a year ago Parliament passed into law legislation which was, in my opinion, a direct and substantial disencouragement to Canadian exploration, and many of us argued against it at the time. If clause 24(1) of the bill represents a change of heart on the part of the government or the Department of Finance, it is welcome. I feel certain we would be in a much more satisfactory position today with respect to the amount and vigour of exploration had we not had placed before us and the country the disincentives to exploration which we have seen over the past few years.

Certain clauses of the bill will have a retroactive effect, some of which will be helpful to the taxpayer. I have no objection to legislation having a retroactive effect if it is designed to cure a wrong from the point of view of the taxpayer, or right an unfairness. There is the question of whether the legislation itself in such cases should allow the taxpayer the undoubted legal right to file an amended return to take advantage of such retroactive changes. I understand the position of Revenue Canada to be that it is its custom to allow amended returns in such cases. However, it seems to me that this is the kind of right that should be enshrined in the legislation itself, not something which should be left to the whim of even the best intentioned official of the Department of National Revenue, or any other department, for that matter.

To that end, I suggest it would be appropriate for the bill itself to be amended to make this a legal right and not one which is dependent upon the thinking at any particular time of any particular person.

● (1430)

There is, however, I believe, some possibility of adverse retroactive effect in some of the provisions of this bill, provisions intended, as I understand the explanation given on them, to allow the department to go back into previous years and compel taxpayers to pay taxes now which they did not have to pay in the past and which they did not pay because it was quite legal for them not to do so. They did not do anything wrong; they followed the legislation as it then was. But I understand the department now says it never intended that the legislation should have that effect and that it ought now to be allowed to go back to correct the error it made by use of a wording which clearly was not effective to carry out the intention it now says it had. It seems to me that if I am right in feeling that such a provision does exist in this bill, then it ought to be deleted, for surely a taxpayer should not be compelled retroactively to pay taxes which he legally did not pay under the law as it existed at the time he was being assessed for tax.

It seems to me that this is indeed an effect which we should not allow. In the first place, it is wrong in itself. In the second place, it would seem to follow a principle which we ought to resist to the last ounce of our strength; namely, the application of retroactive legislation which will retroactively affect in an adverse way the citizens of this country who honestly did something in accordance with the law as it was at the time. It seems to me that this is a fundamentally wrong principle, if indeed one can dignify it by the name of principle, and we should not put ourselves in the position of accepting it.

There is just one other provision I want particularly to mention, and that is a clause in the bill which is referred to at the bottom of page 7:10 of the committee report and which carries over to the next page. I am sorry, honourable senators, I promised too soon, like many other speakers, that I had come to the last point. I realize now that this is only the second last point.

Senator Flynn: You do not have to apologize for that.

Senator Smith (Colchester): There is the question of whether, when a taxpayer has been unfortunate enough to suffer such a loss during a year that he has no tax to pay, and indeed has suffered such a loss that, if it is properly reported, it would follow that not only would he have no tax to pay but that he was so far below the line that it would constitute a loss to carry over into the following or some future year. I think the provision in the bill which deals with this situation does not go far enough. There is, as the report states, substantial conflicting jurisprudence as to whether a taxpayer has the right in such cases to appeal an assessment made by the minister which simply shows nil tax payable. That kind of assessment may be grossly unfair. One may ask at first blush how it can possibly be unfair to a taxpayer to have him show that he has no tax to pay, but it may be unfair for the reason I mentioned; that is, that a correct assessment of his tax position would not only show nil tax payable but would show a very substantial negative balance which might be of advantage to him in the future.

As a result of this conflict in jurisprudence, taxpayers have been deprived of a fundamental right under our legislation to appeal a new assessment. We think that—I am saying "we" because I do consult others sometimes and I try to incorporate their views into mine, which is more than one can say for some people whose activities we have to deal with occasionally. I think that the legislation itself should give the right to a taxpayer to appeal a so-called nil assessment so that, if the facts merit it, he can receive a clear-cut decision or assessment from the minister showing that he has in fact a negative balance or loss and not merely "no liability to pay tax."

We think that the clause as it now stands in the bill does not go far enough in this respect. I refer to clause 61, subclause (1). We think that the necessary change should be made to make it clearer that this right does indeed exist.

I come now to the last point I wish to mention, which has to do with clause 75. This clause provides that residents of Canada must insert their social insurance numbers on ownership certificates, which must be completed when receiving interest or dividend payments in respect of bearer coupons or warrants. The clause provides among other things that, if this is not done, the bank or other paying agent should withhold 25 per cent of the total, whatever it may be, of the interest or the dividends until the taxpayer finally comes along and produces his social insurance number.

It seems to me that this is another field of trespass which ought not to be acknowledged as right or to be accepted by any legislative group.

Senator Forsey: Hear, hear.

Senator Smith (Colchester): The social insurance numbers were not brought into being for the purpose of a use which might be applied to any sort of human activity over which the government has any control or any interest. They came into being for one purpose only, and if you will read the debates of the days in which that particular legislation was before Parliament you will find that there was then considerable apprehension that this was only the beginning of a system of allocating numbers and putting them on computers and other machines which would eventually be used to regulate all our activities. I suggest that here is one instance, a most objectionable instance, of that proliferation. And much as it might conceivably—and I cannot really think it would be very much—assist someone in catching a culprit who had tried to evade paying taxes upon interest or upon dividends, it seems to me that any good which might come of this, in this aspect of things, is far outweighed by giving legislative approval to what I consider to be an invasion of privacy. It is an extension of the principle of pursuing all of us and gaining information about all of us by means of central banks of records which can be identified, as everyone knows, and called up into being by the touch of a few keys on some machinery. I feel that this, too, is a most objectionable thing, objectionable as a matter of principle and in any concept of human rights and the privacy of the individual. In my opinion, it should not be accepted.

● (1440)

Honourable senators, I proceed now to keep my word, and will conclude by repeating what I said at the beginning, that I do not oppose second reading but suggest that the matters with which I have taken up the time of honourable senators merit very careful consideration by the Senate itself and by the committee to which the bill will be referred if it passes second reading.

Hon. Jacques Flynn: Honourable senators, I do not intend to go over the bill itself because Senator Smith has dealt very ably with its plus and minus factors. I have only one comment to make about clause 75, with which Senator Smith dealt at the end of his speech.

My reason for rising is that I am concerned that perhaps the formula which we have been using, the Hayden formula—which has us referring complicated technical bills of this nature to committee before they actually reach us—has lost its value.

This is not the first time that a committee of the Senate has prepared a report and made recommendations to the government or the other place, and the report has been completely ignored.

The idea behind our doing this is to help both the government and the House of Commons save face. We suggest amendments which can then be proposed by the government and accepted by the house before the bill reaches us.

Few, if any, of our recommendations are accepted in this way by a motion of the government or by decision of a committee of the house. What then can we hope to achieve when a bill is before us and is dealt with by a committee of the Senate only after it has passed the House of Commons?

We know how complicated are the procedures in the other place for the passage of a bill. But if we cannot have our suggestions approved using the Hayden-formula approach, what hope have we of having our suggestions and amendments considered when we make them in the usual manner when a

bill reaches us after passage in the other place and is referred to our committee?

I am worried about this problem. I am not saying that all the recommendations made by the committee should have been accepted, but I am certain that in committee we would want the minister to explain why she completely ignored or disregarded them. It is important that we know where we stand with regard to this formula of having the subject matter of a bill referred to a Senate committee before the bill reaches us.

If it means nothing at all, we might as well forget it. We might then arrange to adopt another attitude, perhaps a braver one, when, in the normal course of events, a bill reaches us after passage through the other place.

With regard to clause 75, I share Senator Smith's views. It seems to me that the government wants to have its share when anyone wishes to defraud. The bill says if the person cashing interest or dividend payments does not wish to give his social insurance number, the bank will have to withhold 25 per cent. If someone is prepared to accept the cash on any interest or dividend, less 25 per cent because he does not want to give his social insurance number—which, in my opinion, is wrong in any event—it is probably because he has something to hide. It appears to me that all the government wants is to share with that person either the fruit of a theft or some kind of fraud. It is foolish to have this kind of penalty in such a situation. I don't see the value in this withholding clause. A person could give a false insurance number or a false name. All that the government would do is collect from him or her, whom they do not know, 25 per cent. Therefore, in my opinion, the government wishes merely to share in the fruits of what could have been a fraud or theft.

The clause is one which is likely to prove completely ineffectual, and may be even harmful. For this reason, I consider that it cannot be approved or condoned. In my view, the government may well be making of itself in a number of cases an accomplice to someone who wishes to defraud or commit a theft.

Hon. Salter A. Hayden: Honourable senators, my friend, the Leader of the Opposition, has referred to the report made by the Standing Senate Committee on Banking, Trade and Commerce on its study of the subject matter of this bill. I should point out to him—because otherwise the information would not come to his attention—that our report has produced some response from the Minister of National Revenue in respect of a particular provision of the bill.

Those who have some knowledge of income tax law know that at times the department issues a nil assessment, which means that the taxpayer has filed a return and has shown in that return losses and no earnings. In such cases the department issues a nil assessment without making any calculation or determination of the amount of the loss.

The Supreme Court of Canada, in a judgment, held that a nil assessment was not an assessment of income and, therefore, was not appealable. That left the taxpayer high and dry. He could not appeal for the purpose of determining what was the amount of the loss, and yet he might want to carry that loss back, as legally he could do, for a period of five years and set it off against income in those years; or he might wish to carry it forward five years and apply it against income.

● (1450)

The intent of the government in this particular amendment is a very laudable one. By it they attempted to negate the effect of the judgment of the Supreme Court of Canada. Unfortunately, in one of the conditions in the amending section, they simply provided that the department may determine the amount of the loss. The position that we took was that that was not good enough, that it would put us back into the position that presently exists and will continue to exist unless there is some change. We suggested that the obligation should be on the department to determine the amount of the loss. There would then be an assessment, and an appeal would be in order.

There has been no indication in the House of Commons of the acceptance of any of our proposals, but I did receive from the Minister of National Revenue a letter dated December 23, 1976, in which she says:

> I have noticed with interest the comments of the Standing Senate Committee on Banking, Trade and Commerce on the question of the determination of losses.
>
> The proposed amendment to the Income Tax Act contained in subclause 61(1) of Bill C-22 will enable the amount of a loss to be determined where there is a difference of opinion between the taxpayer and my Department.
>
> The subclause now contained in 61(1) of Bill C-22 does not oblige the Minister to determine the amount of a taxpayer's loss. However, understanding that the law should not unjustly disadvantage the taxpayer, it would be both in most taxpayers' interest and in my Department's interest to make the determination in virtually all cases where the taxpayer wished to have the determination made. My Department would, therefore, almost invariably determine a loss when requested to do so by a taxpayer.
>
> I would therefore be prepared to make the following statement to the Committee of the Whole when the clause is being debated—

The reference to the committee of the whole arises from the fact that the plan, as I understand it, was that if the income tax bill came to us immediately before Christmas, dealing with the bill in committee of the whole of the Senate might have been more expeditious than referring it to the standing committee. This is the statement the minister said she was prepared to make before the committee of the whole, and I conclude that she would also be prepared to make it before the standing committee, to which this bill may well be referred in the ordinary way if it receives second reading. The statement is as follows:

> Where my Department has determined the amount of a taxpayer's loss, and that amount differs from the loss reported by the taxpayer, our official determination of the loss will be issued when the taxpayer requests it. This will allow the taxpayer to appeal the determination immediately in all cases where he wishes to do so. My Department will be publishing information to taxpayers to explain how they may obtain a loss determination.

It is quite apparent, therefore, that our report has been considered by the Department of National Revenue, which is charged with the administration of the Income Tax Act. The Minister of National Revenue is prepared to appear before the committee and give this undertaking. How the committee will deal with this is up to the committee at that time. I would not attempt to predict what their decision might be, but such an undertaking would reasonably assure us that until such time as a formal amendment is made to this clause of the bill a taxpayer, by asking for a determination of his losses, may obtain that information at once.

The question the committee will have to decide is whether, in the light of such an undertaking, coupled with the undertaking that an amendment will be brought forward in due course—in the next session of Parliament, or in the next budget—this substantially, but not fully and not legally, provides a benefit to the taxpayer. Therefore, we should not refuse to pass the bill on second reading because of that.

I realize I have to pick my words very carefully on this subject, because we have the master of statutory regulations in the chamber at the present moment, and I do not want to put myself in the position of being a horrible example by suggesting that we should not insist that absolutely legal procedures be followed. However, I do suggest that we can effect a compromise which will benefit the taxpayer and give him what he wants without benefit of the law—let me put it that way—realizing that in due course, in the light of the undertaking, the position is that we will probably achieve what we are seeking to achieve.

While I am on my feet I would like to mention that there is another provision in the bill in respect of which we recommend that a change be made. That has to do with charities.

The provisions concerning charities have been substantially rewritten. In this regard I think the opinion of the committee generally is that in the form in which they have been rewritten they are fair and reasonable, and there is recognition of the great value that the deserving public in Canada gets from charitably minded people who make substantial donations to charities, or who set up charitable foundations or participate in charitable organizations.

One of these provisions has to do with the reciprocity that has existed as between, say, Canada and the United States, whereby the laws in each country seemed to permit an exchange of donations to charities which would be recognized for taxation purposes, and would be allowed as deductions from income that might otherwise be taxable. In this bill, however, in the definition of a charitable foundation, some words have been added which present, or may present, a few problems. The provision is that the charitable organization or foundation must be created or established in Canada, and you can see how that may conflict with this interchange or reciprocity as between Canada and the United States in the matter of legal provisions in both countries. I refer to the report of the Banking, Trade and Commerce Committee relating to the subject matter of this bill, and to a paragraph that is to be found at page 215 of *Hansard* of December 9, 1976, which reads as follows:

• (1500)

> (4) Subparagraph 212(14)(c)(i) of the Act provides that the Minister may exempt non-resident charities from withholding tax provided that if such charities were resident in Canada, they would have been exempt from Canadian income tax. In other words, they would have to have the same attributes as tax-exempt Canadian charities to be exempt from withholding tax.

This particular paragraph, dealing with withholding tax, does not make any reference to the definition of a charitable foundation, which is also in this bill. The provision as to the creation or establishment in Canada of such entities may not be met by a non-resident charitable foundation and, therefore, donations going out of Canada to such an organization may be subject to withholding tax.

I think the least that we should have here is an undertaking to amend the law. We should ascertain, first of all, what the minister is prepared to do. We can always make an amendment. We have done it before, and it has been effective.

If I may digress for a moment—and this is entirely unrelated to this bill—the committee has been working on the Bankruptcy Bill which we studied perhaps a year and a half or two years ago. It has been subject to conferences between our advisers, myself and the departmental officers, in order that they might relate in appropriate language the effect of the amendments we proposed in the new draft of the bill. I think we suggested 140 amendments in the original bill, and to this moment we have achieved agreement in relation to 116 of them.

Senator Flynn: A new bill. We probably can kill the bill.

Senator Hayden: You may ask, "Why didn't you get 100 per cent agreement?" I learned many years ago that you reach for 100 per cent, but you settle for whatever you can get, if it is enough. It depends on the character or the nature of the amendment. I can tell you, without disclosing any secrets, that there are a few of the amendments that they have not bought, but we have them segregated in our own minds as possible concessions we might make in the bargaining process. As to others, we have compromised on the interpretation. We have gained much in some; not so much in others. But the net result will be a much better bill, and it will amply support the method we follow in studying a bill in advance of its course through the House of Commons.

Do not underestimate our ability, and the threat of proposing an amendment, as a basis for achieving the things we want

and which we think are important in this bill at this time. To compromise is an art, and impatience is the worst reaction if you hope to succeed in compromise. You can be firm; you can have strong arguments; you can yield at the proper time, and you will be surprised at how often you make your way. I have no reason to believe that we will not make our way and achieve the purposes that we were aiming at when we made the report. The report was the unanimous decision of the committee. It belongs to all of the committee, not just the chairman.

I expect we shall have the Minister of National Revenue appearing before the committee. I may alert her in advance as to what the procedures are and the course of action that may be taken, but it will also indicate that up until this moment, and even while the committee is sitting, we still have the power of veto.

Senator Flynn: May I ask a question of the honourable senator? It has nothing to do with legislation by undertaking, because I do not want to arouse Senator Forsey, either. Nor is it my intention to compliment Senator Hayden for having risen to the occasion I offered him to defend his formula. It is a technical question.

Since the minister has sent Senator Hayden, as chairman of the committee, the letter of December 22, saying that she is prepared to make an amendment, and since the bill was studied in committee of the whole some time towards the end of January, or even since then, why was it not possible for the amendment to be proposed in the committee of the whole of the other place?

Senator Hayden: All I can say to my friend is that I cannot put myself within the thinking processes of the people in the other place—nor, with regard to some of them, would I want to. We have to wait until the bill comes here in order to do anything more, because the work of the committee was completed when it made this report. We had obeyed our instruction from the Senate. The next date we have with this bill will be as, when and if it is referred to committee.

Hon. Eugene A. Forsey: Honourable senators, I would like to endorse very strongly what the honourable Senator Smith (Colchester) and the Leader of the Opposition have said about clause 75. I think it is a most improper clause to have in a bill of this sort. I think it is an attempt to use the social insurance numbers for a purpose which was not contemplated when they were first introduced, and I think it could set a very bad precedent indeed. It could lead to a situation where these things would be used for all sorts of purposes never contemplated by Parliament when they were first introduced. I hope very much that the committee will view with a very jaundiced eye clause 75, and I even venture to hope that it may decide that it ought to be eliminated.

The same question occurred to me about this other matter, the legislation by undertaking, that occurred to Senator Flynn. I can't imagine why on earth, in the time that has elapsed since the minister's letter, the amendment was not proposed in the other house. Is it something so frightfully technically complicated that it must undergo a process of incubation lasting for months before it can be hatched? I should have thought it a matter well within the competence of the skilled personnel in the department to produce an amendment of this sort within fairly short order. This may be merely the naive and ignorant reaction of a non-lawyer. I am fortified, however, that apparently the same idea occurred to that eminent legal practitioner, the Leader of the Opposition.

• (1510)

I hope very much that the committee which examines this bill will take both these matters into consideration and try to get the government to drop clause 75, and to make the amendment which the minister apparently is prepared to make at some unknown date in the future. I even hope it may be possible for the committee to report to the Senate that clause 75 should be struck out.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Cook moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, February 8, the debate on the consideration of the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

Hon. John Morrow Godfrey: Honourable senators, when I was listening to Senator Forsey's speech last week and he expressed the hope that the members of the legal profession in the Senate would give us the benefit of their views, I could not help but think that he may have unwittingly discouraged us from doing so, because his brilliant and entertaining performance last week is certainly a hard act to follow—as is, of course, the maiden speech of Senator Marchand last night on another subject.

Having been an active member of the committee that prepared the report I certainly felt that I should make some contribution to the debate. In trying to think of what more can be said, after re-reading Senator Forsey's speech it occurred to me that, because he is such an expert on this subject and has devoted so much time to the work of the committee, he might have taken a bit too much for granted as to the knowledge that members of this house and the public might have of the background of the Statutory Instruments Act—the basic purpose of the act and the provisions of the act for the appointment of the joint committee.

As Senator Forsey pointed out, there is a lot of hard work to do in reading the material before each committee meeting, as well as in attending the meetings themselves, so perhaps we who are members of the joint committee may be forgiven if we are inclined to think that the main purpose of the act was to have all regulations and other statutory instruments reviewed and scrutinized by our committee. Not at all. One of the main purposes of this act, as opposed to the old Regulations Act which it replaced, was to provide for the examination of a proposed regulation, before it is actually enacted, by the Clerk of the Privy Council in consultation with the Deputy Minister of Justice to ensure that:

(a) it is authorized by the statute pursuant to which it is to be made;

(b) it does not constitute an unusual or unexpected use of the authority pursuant to which it is to be made;

(c) it does not trespass unduly on existing rights and freedoms and is not, in any case, inconsistent with the purposes and provisions of the *Canadian Bill of Rights*; and

(d) the form and draftsmanship of the proposed regulation are in accordance with established standards.

The act further provides that after such examination:

—the Clerk of the Privy Council shall advise the regulation-making authority that the proposed regulation has been so examined and shall indicate any matter referred to in paragraph (a), (b), (c) or (d) of that subsection to which, in the opinion of the Deputy Minister of Justice, based on such examination, the attention of the regulation-making authority should be drawn.

The old Regulations Act merely provided for the recording, publication and laying before Parliament of regulations after they are made. Presumably, the theory was that because regulations, with some exceptions, had to be laid before Parliament fifteen days after they were published, some conscientious member of Parliament who had examined the regulation in detail could draw the attention of Parliament to any defect. In practice that was a very ineffective way of dealing with the problem of defective regulations.

The provisions in the Statutory Instruments Act for the examination of proposed regulations by the Privy Council Office and the Department of Justice before they are enacted was a big step forward, and I would venture to say it did result in a great improvement in the drafting of regulations, and did act as some curb on departments or bodies who were proposing regulations to the regulation-making authority. Before the passage of the Statutory Instruments Act, each department would draft its own regulation for enactment, say by order in council, and the standard of drafting and the care taken to ensure that the proposed regulation was *intra vires* could vary widely between departments.

Like the old Regulations Act, the present act provides for the registation and publication in the *Canada Gazette* of regulations, with certain exceptions. The act does not provide for the laying of regulations before Parliament, but does provide for the notification of a new regulation to members of the Senate and House of Commons by delivery to each member of a copy of the *Canada Gazette* in which the regulation is published. I do not suppose that senators generally read the *Canada Gazette* any more than I do. What is far more important is that it provides for the reviewing and scrutinizing of each statutory instrument by a parliamentary committee.

At this point I think it is appropriate to point out another difference between the old and present acts. The old act dealt with and defined "regulations" only. The present act provides for a new, broad, general breed of subordinate legislation called "statutory instruments", of which regulations are only a part. Under the present act—and I am only generalizing—it is only regulations, which are usually examined prior to enactment by the Privy Council Office and the Department of Justice, which are registered in the Privy Council Office and published in the *Canada Gazette*. The balance of statutory instruments—and here again I am generalizing—do not usually have to be examined, registered or published, and yet the act provides that all statutory instruments are to be reviewed and scrutinized by the committee. This, as is pointed out in the report, results in almost insuperable difficulties as far as the committee is concerned with respect to statutory instruments which are not regulations.

How do we find out whether such statutory instruments actually exist? If we do hear about one—as we did, for example, in the *Manual of Guidelines for Immigration Officers*—how do we force the department to produce it for scrutiny by the committee when the department refuses to produce it on the grounds that, in their opinion, it is not a statutory instrument? The simple answer is that there is no way, and, as the report and Senator Forsey pointed out, the act should provide some mechanism by which someone other than the department concerned should determine whether or not it is a statutory instrument and, therefore, subject to scrutiny by the committee.

The committee in its report talks a great deal about "the enabling statute," and I think it would be appropriate at this point to refer to the enabling section of the Statutory Instruments Act which authorizes the setting up of the joint parliamentary committee. Section 26 simply states that every statutory instrument issued after the coming into force of the act, with certain exceptions, shall stand permanently referred to the committee established "for the purpose of reviewing and scrutinizing statutory instruments", and that is all.

● (1520)

That section is not very clear in its meaning. Nothing is said as to the purpose of the review and scrutiny by the parliamentary committee, and what action the committee is to take. It certainly could be argued that the main purpose of the committee under that section was to see whether the Department of Justice and Privy Council Office were doing their job and drawing the attention of the regulation-making authority to any of the four criteria contained in the act, which I have already quoted and which the proposed regulation might

offend. Furthermore—and this would probably be even more important—was the regulation-making authority paying any attention to what the Department of Justice and the Privy Council Office was telling it with respect to regulations? Were other types of statutory instruments which were not examined by the Justice Department and the Privy Council Office conforming with the criteria laid down in the act? It was certainly not clear whether the committee had the power to see whether the registration and publication provisions of the act had been complied with.

The committee decided that the only way they themselves could avoid being accused of doing something that was *ultra vires* was to draw up a list of criteria which could then be adopted and approved by Parliament as part of the committee's terms of reference. The four criteria set out in the act were expanded to 14, with the result that after these were adopted by the Senate and House of Commons and included in the terms of reference the joint committee had vastly extended powers over what was probably originally intended to be granted to it under the rather mealy-mouthed wording of section 26.

I may say that our joint chairmen, Senator Forsey and Mr. Robert McCleave, M.P., deserve the lion's share of the credit with respect to ensuring that the committee did have proper terms of reference, with comprehensive criteria that they could apply to the regulations and any other statutory instrument coming to their attention. As Senator Forsey has pointed out, the committee is not just concerned with whether regulations are *intra vires* or not, but also whether they comply with the other 13 criteria referred to in the report.

I would like to emphasize what was pointed out by Senator Forsey, and at great length by Appendix I of the report, namely—and I quote Senator Forsey—"the extraordinary obscurity" of the definition of a statutory instrument contained in the act. I have scratched my head over it, and while I do not want to appear unduly immodest I really do not think it is my fault that I cannot be sure what it means. The legal opinion of the committee as to what it probably means, as set out in Appendix I, is about as close as anyone can come to it and, in my opinion, is certainly much more preferable than the legal opinion adopted by the Privy Council Office. I do not want to appear to be competing linguistically with Senator Forsey, but I really believe that the drafting of section 2(1)(d)(i) defining a statutory instrument can be properly described as execrable—and this in a statute which attempts to ensure that the "form and draftsmanship of the proposed regulation are in accordance with established standards". Certainly the drafting of the statute itself is not in conformity with "established standards".

I agree most emphatically with Senator Forsey and the report when they say that there is no solution to the problem except a redrafting of the definition section. About the only thing that is clear is that if there is a provision for a penalty, fine or imprisonment for its contravention then it is a regulation, although, of course, it can be a regulation also if it is made in the exercise of a "legislative power" conferred by or under an act of Parliament.

Many of the matters which are discussed in the report, and which were mentioned by Senator Forsey, may sound like nit-picking—and to a certain extent they are. Taken by itself, it is difficult to get too excited about Jacques Leblanc because he, as an individual and not as a member of a certain class or category, received a modicum of mercy by being exempted from certain provisions of the Parole Act by means of a dispensing power, originally made unlawful by the Bill of Rights of 1689, rather than by the exercise of the royal prerogative of mercy. Justice was done for Jacques Leblanc, and the only criticism is that it was done by a wrong procedure when a proper procedure was available on the recommendation of the same body, namely, the Governor in Council.

Still, it is important in the long run that we insist on a strict observance of the law, because if we do not then there may be an abuse in the future of a serious nature which would not simply be a case of doing something quite reasonable by an unlawful procedure when a perfectly lawful procedure is available. If we make sure that the authorities follow the proper procedures at all times, even when the merits of the case justify relief, then we go a long way to making sure that no one in government will attempt to use an unlawful dispensing power in cases where the merits do not justify the use of any procedure.

The Statutory Instruments Act was preceded by the report of the Special Committee of the House of Commons on Statutory Instruments, which was chaired by Mr. Mark MacGuigan, M.P., and has come to be known as the MacGuigan Committee. This committee recommended only one class of documents, namely, "regulations", and would not make the distinction between statutory instruments and regulations contained in the present act. It would have subjected all such documents to scrutiny before enactment, and registration and publication thereafter. The joint committee, in its report which we are presently considering, broadly favours the same course.

The minister responsible for the Statutory Instruments Act decided to ignore the recommendation of the MacGuigan Committee and establish two classes of instruments. In a matter such as this, which is completely non-partisan, highly technical and goes to the root of our parliamentary system, I would suggest that, unless there are compelling reasons to the contrary, a minister and the government would be better advised to follow the recommendations of a parliamentary committee. If he had done so in the present instance, we would not be in such a muddle about the definition of a statutory instrument, or face some of the other difficulties to which I have referred. I trust that the present minister does not make the same mistake and ignore the recommendations contained in the report of the joint committee now before this house.

On motion of Senator Lang, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 17, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Langlois tabled:

Estimates for the fiscal year ending March 31, 1978, together with copies of a news release containing a statement by the President of the Treasury Board on the said Estimates and a booklet entitled "Federal Expenditure Plan: How your tax dollar is spent".

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. C.I.S. Limited (Co-operative Insurance Company), Regina, Saskatchewan and their Vancouver, British Columbia Clerical Group, represented by the Office and Technical Employees Union, Local 15. Order dated February 15, 1977.

2. The Cultus Lake Park Board and its employees. Order dated February 15, 1977.

FOREIGN AFFAIRS

ARREST OF SOVIET DISSIDENTS—MOTION TO CONVEY MESSAGE OF CONCERN TO THE GOVERNMENT OF THE SOVIET UNION

Hon. Paul Yuzyk: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move, seconded by the Honourable Senator Forsey and hopefully with the unanimous consent of the Senate—

Senator Fournier (de Lanaudière): Senator Forsey is not here.

Senator Bourget: It is all right. Carry on.

Senator Yuzyk: —the following resolution:

That the Government of Canada convey to the Government of the Soviet Union the profound concern of the members of the Canadian Senate about the recent arrest of Mykola Rudenko, Oleksiy Tykhy, Alexander Ginzberg and Yuri Orlov and ask for their immediate release, and urge the U.S.S.R. to honour the commitments it made when it signed the Helsinki Agreement which guarantees fundamental human rights to all citizens.

The Hon. the Speaker: Who is your seconder, Senator Yuzyk? Senator Forsey is not here.

Senator Ewasew: I will second the motion.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Yuzyk, seconded by the Honourable Senator Ewasew, with leave of the Senate and notwithstanding Rule 45(1)(h):

That the Government of Canada convey to the Government of the Soviet Union the profound concern of the members of the Canadian Senate about the recent arrest of Mykola Rudenko, Oleksiy Tykhy, Alexander Ginzberg and Yuri Orlov and ask for their immediate release, and urge the U.S.S.R. to honour the commitments it made when it signed the Helsinki Agreement which guarantees fundamental human rights to all citizens.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Yuzyk: Honourable senators, I should like to call the attention of the Senate to a very important and urgent matter raised in the other chamber and which received unanimous approval.

Alarming reports in the press reveal that the Soviet Union is increasingly violating the Final Act of the Conference on Security and Cooperation in Europe known as the Helsinki Declaration, Agreement or Accord, which was signed by the Soviet government as well as 34 other countries including Canada in August 1975.

More and more Soviet citizens are being arrested and sentenced to long prison terms for criticizing their government for not living up to the commitments made in the Helsinki Agreement and for violating fundamental human rights.

Last November a Helsinki monitoring group was established in Kiev, the capital of Ukraine in the Soviet Union. Last week, the chairman of the group, Mykola Rudenko, and the secretary, Oleksiy Tykhy, were arrested and imprisoned, and the other members have been threatened by the KGB police.

• (1410)

Alexander Ginzberg, who has been defending Alexandr Solzhenitsyn and giving aid to political prisoners and their families, as well as Yuri Orlov, a prominent dissident, were also arrested and put into prison recently. Members of the Human Rights Committee in Moscow, whose chairman is the renowned scientist, Andrei Sakharov, and members of the Amnesty International group, whose chairman is Valentyn Turchin, who succeeded the now imprisoned Andrei Tverdokhlebov, are being constantly harrassed.

This has been of great concern to Canadian citizens whose compatriots live on the other side of the Iron Curtain, in countries under the domination of the Soviet regime. Many petitions and telegrams from the organizations of the Canadian Ukrainians, Jews, Bylorussians, Estonians, Lithuanians, Latvians and others have been sent to the Canadian government asking it to protest the flagrant violations of human rights in the U.S.S.R.

Canada, as a signatory of the Helsinki Agreement, has been strongly upholding the implementation of Basket Three, which it is now being monitored through NATO in preparation for the review conference to be held in Belgrade, Yugoslavia, some time this year. We can no longer remain indifferent to the Soviet violations of the Helsinki Agreement and human rights. It is not interference in the internal affairs of another country to protest and condemn such violations, especially if such country is a signatory of the Helsinki Agreement.

Consequently, I am raising this grave matter at this time and requesting the Senate to approve this resolution, which has the support of the Honourable Leader of the Government and the Honourable Leader of the Opposition.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

THE ESTIMATES

NATIONAL FINANCE COMMITTEE AUTHORIZED TO EXAMINE AND REPORT

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the estimates laid before Parliament for the fiscal year ending the 31st March, 1978, in advance of bills based upon the said estimates reaching the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 22, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to give the usual short summary of the business of the Senate for the coming week.

Two committee meetings are scheduled for 2 p.m. on Tuesday. The Standing Committee on Foreign Affairs will meet to continue its study on Canada-United States relations, and the Standing Committee on Agriculture will meet to continue its inquiry into the Canadian beef industry.

On Wednesday the Standing Committee on Banking, Trade and Commerce will meet at 9.30 a.m. The committee will deal first with Bill C-22, an act to amend the statute law relating to income tax, and then continue with its examination of the subject matter of Bill C-16. The Canadian Bankers Association will be appearing on Bill C-16.

At 3.30, or when the Senate rises, the Standing Committee on Agriculture will meet again to hear witnesses with respect to the beef industry. There will also be a meeting of the Special Senate Committee on Science Policy.

On Thursday at 9.30 a.m. the Standing Committee on Foreign Affairs will again meet to discuss Canada-United States relations. Also at this time the Standing Committee on Banking, Trade and Commerce has scheduled another meeting on the subject matter of Bill C-16, when they will hear witnesses from several associations of advertisers. At 11 a.m. there will be an *in camera* meeting of the Standing Committee on Internal Economy, Budgets and Administration.

It is expected that Bill C-2, an act to facilitate the making of advance payments for crops, will pass the House of Commons before we return on Tuesday. So we will have this bill to deal with as well as the metric conversion bill.

In addition, the Senate will continue its consideration of the second report of the Joint Committee on Regulations and other Statutory Instruments, and on Senator Cook's inquiry calling the attention of the Senate to matters of interest concerning Labrador.

Motion agreed to.

TRANSPORTATION

EFFECT ON DIFFERENT REGIONS OF CANADA—MOTION TO REFER SUBJECT MATTER TO TRANSPORT AND COMMUNICATIONS COMMITTEE WITHDRAWN—DEBATE ON INQUIRY CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Norrie, that the subject matter of the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to transportation in Canada, whether by land, by air or by sea, especially as it affects the different regions of Canada, be referred to the Standing Senate Committee on Transport and Communications.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to Senator Bonnell.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. M. Lorne Bonnell: Honourable senators, I ask leave to continue this debate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Bonnell: Thank you, honourable senators. As you all know, I have already spoken on this motion, and in order to speak twice I need your consent, which you have graciously given me. I shall try not to tire you, but to bring you some enlightenment, this afternoon.

On December 8, 1976, I called the attention of the Senate to transportation in Canada, whether by land, by air or by sea, especially as it affects the different regions of Canada.

Since that time many senators have participated in the debate and some very worthwhile discussion has taken place. But, perhaps more importantly, the Department of Transport of Canada must have taken heed of my remarks, because by December 10, 1976, eight days later, the Toronto *Globe and Mail* reported that Premier Frank Moores of Newfoundland stated that the Government of Canada and the Government of Newfoundland had agreed that a commission should be appointed to study transport problems in Newfoundland. It was further stated in that press release that the federal government had also agreed that existing services should not be allowed to deteriorate while the inquiry is under way.

● (1420)

The commission will study land, sea and air transport needs in Newfoundland and Labrador. According to this press release, you would almost think that the minister and the premier had taken my inquiry and changed the words "in Canada" to "in Newfoundland and Labrador." But whatever their reason for agreeing to this inquiry, the important fact is that something is being done to improve transportation in Newfoundland with the cooperation of both governments.

Next in the sequence of events which took place following my inquiry of December 8 was the fact that the minister, the Honourable Otto Lang, brought before Parliament Bill C-33, which received first reading on January 27, 1977. Bill C-33 is an act to amend the National Transportation Act and the Department of Transport Act for the purpose of defining the objective of the transportation policy for Canada, and authorizing the consequential rearrangement of powers and duties relating to transport, and to amend the Transport Act and the Railway Act in respect of freight rates and other matters. The bill would add a new section, stating:

> It is hereby declared that the objective of the transportation policy for Canada is to achieve a transportation system that
>
> (a) is efficient,
>
> (b) is an effective instrument of support for the achievement of national and regional social and economic objectives, and
>
> (c) provides accessibility and equity of treatment for users,
>
> and it is further declared that achievement of the objective of the transportation policy for Canada requires the integration of services employing the most appropriate modes for each service and that it is the responsibility of governments to attend to the provision of the transportation system.

Bill C-33, which is now before Parliament, makes many changes in transportation in Canada as we now know it and I believe it will be the base on which the transportation policies of Canada can be upgraded, improved and modernized and can be made more efficient, more economical and more satisfactory to the people of Canada. I want to congratulate the minister on his quick action in bringing forward this new legislation which can be the beginning of a new transportation policy for Canada.

On February 7, 1977, the Minister of Transport for Canada, the Honourable Otto Lang, while meeting in Charlottetown with the Premier of Nova Scotia, the Honourable Gerald Regan, the Premier of New Brunswick, the Honourable Richard Hatfield, the Premier of Prince Edward Island, the Honourable Alex Campbell, and Mr. James Morgan, the Minister of Transportation and Communications for the province of Newfoundland, discussed a number of transportation issues of both national and regional concern. The representatives of the four provinces and the Minister of Transport agreed that regional development should take precedence over commercial viability in transportation systems.

The headlines in the local newspaper the next morning, February 8, 1977, stated: "Lang Backs Down on User Pay Idea." This, honourable senators, was the main thrust of my motion, and the policy that stirred me to bring it before the Senate in the first place. It was the straw that was breaking the camel's back and when I read the local Charlottetown *Guardian* on February 8, and read the comments that the user pay transportation policy is a thing of the past, I then felt that my inquiry was an effort worth while, not only for Atlantic Canada but for all of Canada.

During the meeting with the premiers of the maritime provinces on February 6, Mr. Lang stated that the federal government was committed to regional economic development. To this end he emphasized that the objectives of a transportation system should be to serve as an effective instrument of support for the achievement of national and regional social and economic objectives, as well as to achieve throughout Canada an efficient transportation system. Mr. Lang, the maritime premiers and Mr. Morgan agreed that such a system should also provide for accessibility and equity of the treatment of users. Mr. Lang and the premiers agreed in principle to a selective approach to freight rate assistance within the region, which would be intended to make the existence of the Maritime Freight Rates Act and Atlantic Region Freight Assistance Act more responsive to regional economic development needs.

Joint agreement was also reached on the desirability of improving passenger transportation in Atlantic Canada. Mr. Lang, the maritime premiers and Mr. Morgan agreed in principle that improved passenger transportation could best be achieved by providing special assistance for upgrading bus and

air services in the region. It was further agreed that any savings that could be acquired by providing special assistance for upgrading passenger transportation service would be invested in a priority highway link in the region.

It was anticipated by the minister and the premiers that these measures, which clearly reflect the federal government's recognition of the importance of transportation to the region, will provide improved transportation services in the Atlantic provinces, ensure that transportation investments are more responsive to regional economic development needs, permit scarce financial resources to be spent in a more efficient manner consistent with development needs and the opportunities of the region, and eliminate the expenditure of funds in areas where little benefit accrues. The minister and the maritime premiers agreed that current transportation services and subsidies would be reconstructed to ensure that they most efficiently meet the current and future regional economic and transportation needs, and additional funds would be provided by the federal government for selective improvements and investments in the transportation system.

● (1430)

I feel that the promises of the present Minister of Transport—first, to back down on the user pay policy; second, to improve transportation and freight facilities in the Atlantic area; third, to continue the freight rate assistance within the region; fourth, to improve transcontinental services of rail passengers from the Atlantic to Montreal; fifth, that any overall savings in improvement of services be directed to investments in priority highway links within the region; sixth, to provide improvement in services for buses and air; and seventh, that additional funds would be provided by the federal government for selective improvements and investments in the transportation system in the Atlantic area—give me faith in him and hope for substantial improvement in transportation in Atlantic Canada in the immediate future.

Then, on February 8, 1977, Mr. R. J. Tingley, General Manager of the CN Marine, while speaking to the Canadian Shipbuilding and Ship Repairing Association in Montreal, Quebec, suggested that a new ice-breaking ferry would be provided between Prince Edward Island and New Brunswick. The new ship would be of the same overall size as the *John Hamilton Grey,* but, by being more carefully designed, would have two truck decks rather than one. It would also be capable of carrying rail cars. The vessel would be faster in turn-around service because of its being double ended, and propulsion would be by diesels geared into four controllable pitch propellers.

At that time we shall have a ship with more than double the present truck and auto carrying capacity, with a faster turn-around time, and which is cheaper to maintain than the *John Hamilton Grey*. This again encourages me to believe that the transportation link between Prince Edward Island and the mainland will be improved, with faster and more efficient ships capable of carrying many more vehicles, trucks and passengers.

Another of my concerns regarding Atlantic Canada is to make sure that we have sufficient reefer cars for the shipment of perishable goods, such as potatoes, to the markets of central Canada. On February 10, 1977, the Minister of Transport, in reply to a question, stated that the facilities for the handling of potatoes was discussed, particularly in private meetings, with representatives of the Province of Prince Edward Island, who had figures on shortages which exist at this time.

He also said earlier that one of the questions which still remained to be resolved before steps could be taken to correct the situation was as to the kind of equipment which should be provided for the hauling of potatoes in the future. The minister stated that he agreed with the representatives of Prince Edward Island that we had to be very conscious of the timetable in looking at questions concerning facilities and equipment.

Further, the Canadian National Railways has advised that they have leased 1,000 reefer cars for a period of three years. It is the position of Canadian National Railways that 1,000 to 1,200 such cars, given conditions similar to the 1976 monthly patterns, should closely match the normal demand for the transport of Prince Edward Island and New Brunswick potatoes. It is the belief of the CNR that of the 1,000 reefer cars it has leased for a period of three years, 80 per cent will be used to move Prince Edward Island potatoes. In 1975, 8,062 carloads of potatoes left Prince Edward Island, while only 1,704 carloads left New Brunswick.

One of the main concerns of my colleague, Senator Bell, was the question of travel subsidies for those living on the Queen Charlotte Islands off the coast of British Columbia. In that respect, I noticed an announcement in the Vancouver *Province* of February 5, 1977, to the effect that the air fare of island residents would be subsidized to the extent of $5 one way, and $10 return, between Masset and Prince Rupert.

Given the accelerated action on the part of the Department of Transport and the attention now being paid by both the department and the minister to the major areas of concern expressed, as well as the fact that a new transportation bill will be coming before the Senate in the near future, at which time we will have an opportunity to discuss the subject of transportation by land, by air and by sea in Canada, and that of a national transportation policy for Canada, both in the chamber and in committee, I believe my inquiry has served its purpose. That being so, I feel that the motion to refer the subject matter of my inquiry to the Transport and Communications Committee should be withdrawn.

Therefore, with leave, I move that my motion to refer the subject matter of my inquiry to the Standing Senate Committee on Transport and Communications be withdrawn.

The Hon. the Speaker: Is it your pleasure, honourable senators, that the motion be withdrawn?

Motion agreed to.

The Hon. the Speaker: The motion, by leave, has been withdrawn. The debate is now on Honourable Senator Bonnell's inquiry.

Senator Petten: Honourable senators, from time to time I have adjourned the debate on the motion of Senator Bonnell to

refer the subject matter of his inquiry to committee. That motion has now been withdrawn but the inquiry itself is still with us.

If no other honourable senator wishes to speak on the inquiry, I feel that it could be considered as having been debated.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, the inquiry is considered as having been debated.

The Senate adjourned until Tuesday, February 22, at 8 p.m.

THE SENATE

Tuesday, February 22, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of International Covenant on Economic, Social and Cultural Rights. Done at New York, December 19, 1966. In force for Canada August 19, 1976.

Copies of International Covenant on Civil and Political Rights. Done at New York, December 19, 1966. In force for Canada August 19, 1976.

Copies of Optional Protocol to the International Covenant on Civil and Political Rights. Done at New York, December 19, 1966. In force for Canada August 19, 1976.

Copies of Protocol amending the Single Convention on Narcotic Drugs, 1961. Done at Geneva, March 25, 1972. In force for Canada September 4, 1976.

Copies of Customs Convention on Containers. Done at Geneva, December 2, 1972. In force for Canada June 10, 1976.

Copies of Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matter at Sea. Done at London, Washington, Moscow and Mexico, December 29, 1972. In force for Canada December 13, 1975.

Copies of Technical Co-operation Agreement between the Government of Canada and the Government of Costa Rica. San José, July 24, 1973. In force May 15, 1975.

Copies of General Agreement on Technical Co-operation between the Government of Canada and the Government of the Republic of Peru. Lima, November 23, 1973. In force September 3, 1975.

Copies of Air Transport Agreement between the Government of Canada and the Government of the Kingdom of the Netherlands. Ottawa, June 17, 1974. In force definitively July 15, 1975.

Copies of Air Transport Agreement between the Government of Canada and the Government of the Swiss Confederation. Ottawa, February 20, 1975. In force definitively March 12, 1976.

Copies of Cultural Agreement between the Government of Canada and the Government of the Federal Republic of Germany. Bonn, March 3, 1975. In force November 6, 1975.

Copies of Technical Co-operation Agreement between the Government of Canada and the Government of the Federative Republic of Brazil. Brasilia, April 2, 1975. In force January 6, 1976.

Copies of Onchocerciasis Fund Agreement (1975). Done at Washington, May 7, 1975. In force for Canada May 7, 1975.

Copies of Agreement between the Government of Canada and the Governments of Dahomey, Mali, Niger, Senegal and Upper Volta relating to a Section of the Pan-African Telecommunications Network. Done at Ottawa, May 14, 1975. In force for Canada January 1, 1976.

Copies of Protocol of Amendment to Article VIII of the General Agreement on Technical Co-operation between the Government of Canada and the Government of the Republic of Peru of November 23, 1973. Lima, July 2, 1975. In force September 3, 1975.

Copies of Agreement between the Government of Canada and the Government of the United Republic of Tanzania concerning the Training in Canada of Personnel of the Tanzania People's Defence Forces. Dar-es-Salaam, September 6, 1975. In force September 6, 1975.

Copies of Film Co-production Agreement between the Government of Canada and the Government of the United Kingdom and Northern Ireland. London, September 12, 1975. In force November 26, 1975.

Copies of Exchange of Notes between the Government of Canada and the Government of the French Republic amending the Air Agreement signed August 1, 1950, as amended. Ottawa, September 8 and 19, 1975. In force September 19, 1975 with effect from September 8, 1975.

Copies of Air Transport Agreement between the Government of Canada and the Revolutionary Government of the Republic of Cuba. Ottawa, September 26, 1975. In force August 5, 1976.

Copies of Development Loan Agreement between the Government of Canada and the Government of the Republic of Peru. Lima, September 26, 1975. In force September 26, 1975.

Copies of Institutional Support Loan Agreement between the Government of Canada and the Government of the Republic of Peru. Lima, September 26, 1975. In force September 26, 1975.

Copies of Exchange of Notes between the Government of Canada and the Government of the French Republic concerning the Construction, Maintenance and Operation

of a Second Cattle Quarantine Station in the Territory of Saint Pierre and Miquelon. Ottawa, October 29, 1975. In force October 29, 1975.

Copies of Exchange of Notes between the Government of Canada and the Government of Colombia constituting a Reciprocal Amateur Radio Operating Agreement. Bogota, November 5 and December 2, 1975. In force December 17, 1975.

Copies of Exchange of Notes between the Government of Canada and the Government of Colombia constituting an Agreement to provide for the exchange of Third Party Communications between Amateur Radio Stations of Canada and Colombia. Bogota, November 5 and December 2, 1975. In force December 17, 1975.

Copies of Agreement between the Government of Canada and the Government of Norway on their Mutual Fishing Relations. Ottawa, December 2, 1975. In force May 11, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of Norway amending the Agreement of July 15, 1971, on Sealing and the Conservation in Seal Stocks in the Northwest Atlantic. Ottawa, December 8 and 12, 1975. In force, December 12, 1975.

Copies of Exchange of Notes between the Government of Canada and the Government of the U.S.S.R. concerning Fisheries Matters of Mutual Concern. Ottawa, December 22, 1975. In force December 22, 1975.

Copies of Exchange of Notes between the Government of Canada and the Government of the U.S.S.R. extending the Agreement on Co-operation in Fisheries of January 22, 1971, as amended and extended, and the Agreement on Provisional Rules of Navigation and Fisheries Safety of January 22, 1971, as extended. Ottawa, February 9, 1976. In force February 9, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of Belize constituting an Agreement relating to Foreign Investment Insurance. Belize, February 17, 1976. In force February 17, 1976.

Copy of Convention on offences and certain other acts committed on board aircraft, Tokyo, September 14, 1963

Copy of Convention concerning the Protection of the World Cultural and Natural Heritage. Adopted at Paris, November 16, 1972. In force for Canada October 23, 1976.

Lists of shareholders in the Chartered Banks of Canada as at the end of the financial years ended in 1976, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

List of shareholders in the Montreal City and District Savings Bank as at October 31, 1976, pursuant to section 101(1) of the Quebec Savings Banks Act, Chapter B-4, R.S.C., 1970.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between the Health Labour Relations Association of British Columbia and the group of its employees represented by the Hospital Employees' Union, Local 180. Order dated February 18, 1977.

Report of the Department of Agriculture for the fiscal year ended March 31, 1976, pursuant to section 6 of the Department of Agriculture Act, Chapter A-10, R.S.C., 1970.

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1976, pursuant to section 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—FIRST READING

Senator Perrault presented Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Senator Perrault: Honourable senators, I move, seconded by Senator Langlois, that this bill be placed on the Order Paper for second reading on Thursday next, February 24, 1977.

Senator Grosart: Could I ask the Leader of the Government if this is a private bill or a public bill?

Senator Perrault: A public bill.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, February 23, 1977, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Grosart: I wonder if I could ask the Leader of the Government if there is not a conflict here with the time set aside for another committee under the block system? My understanding was that another committee had Wednesday afternoon set aside for its deliberations.

Senator Langlois: I do not know that there is any conflict with the sitting of another committee. I am told that although

notice has been given that this committee will sit after 2 o'clock, the committee will not in fact sit before 3.30. So I think the meeting could be arranged so as not to conflict with the sitting of any other committee.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

JOINT MEETING OF UNITED STATES CONGRESS

ADDRESS BY PRIME MINISTER

Senator Fournier (de Lanaudière): Honourable senators, with leave, I should like to call the attention of the Senate to a certain matter.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Fournier (de Lanaudière): Considering the fact that it is the first time in the history of the United States and Canada that the Prime Minister of our country has been called upon to deliver a speech before a joint meeting of Congress in Washington, and considering the high quality of his remarks, I would request—and I hope to be supported by the Honourable Senator Grosart—that the Prime Minister's address be printed as an appendix to the *Debates of the Senate.*

● (2010)

Senator Grosart: Honourable senators, in view of the importance of the occasion and, as the honourable senator has put it, it is the first time in the history of the Congress of the United States that a Prime Minister of Canada has addressed Congress, I would be prepared to support Senator Fournier's suggestion, in spite of my objections at an earlier time to the unnecessary proliferation of the documentation of our proceedings here.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of the Prime Minister's speech, see appendix to today's Hansard.*)

Senator Perrault: Honourable senators, I am sure that all those present have been impressed by the generosity of spirit which moved Senator Fournier (de Lanaudière), supported by Senator Grosart, to make the suggestion which has just been approved by all honourable senators. We may have our partisan differences from time to time in Parliament, but all federal political parties in this nation are concerned about the preservation of Canadian unity, and no one party exceeds any other in its zeal to promote that unity. This has been demonstrated this evening in the Senate.

CANADA-UNITED STATES RELATIONS

DIVERSION OF WATER FROM LAKE MICHIGAN—QUESTION

Senator Perrault: Honourable senators will recall that I gave a commitment on behalf of the government that the matter of diversion of water from the lower Great Lakes to the Chicago area would be proposed as a possible subject for discussion between the Prime Minister of Canada and the President of the United States during the current meetings which are under way in Washington. This day I received further information on this matter from the office of the Secretary of State for External Affairs. This communication reads as follows:

> You will recall that you informed your Senate colleagues on February 3 that, as a result of a request by the Government of Canada, Canadian officials would be given a full briefing on the state of planning for the implementation of the proposed demonstration project to study the effects of increased diversions at Chicago. This briefing was presented by representatives of the U.S. Army Corps of Engineers, the State of Illinois, and the Metropolitan Sanitary District of Greater Chicago at a recent Canada-United States meeting in Washington on Great Lakes levels. U.S. planning activities are, of course, only at the initial stages but our officials received firm assurances that we would be kept fully informed on a regular ongoing basis of all activities related to the proposed project. The briefing provided us with a valuable opportunity to impress on those directly concerned with the project Canada's strong and continuing opposition to any unilateral increase in diversions from Lake Michigan. Canadian officials were also able to point out the inevitability of substantial losses in Canada to hydro-electric development entities and navigational interests should the diversion be increased. It was stressed that Canada would expect full compensation for these losses.
>
> At this same meeting, it was agreed to present the International Joint Commission with a Reference to study the effects of diversions and consumptive use of water in the Great Lakes Basin. At our initiative, this Reference specifically instructs the Commission to examine into and report to Governments upon the effects of the proposed Chicago Diversion demonstration project.

Honourable senators, this letter is signed by the Honourable the Secretary of State for External Affairs. It continues:

> In the circumstances I think you will agree that it would not be essential to request the Prime Minister to raise this problem with President Carter at the present time.

Senator Smith (Colchester): Honourable senators, I wonder if I could ask the Leader of the Government what measures the Government of Canada is taking to make a study of the probable effects from Canada's point of view, rather than relying upon the International Joint Commission or the United States Army Corps of Engineers?

Senator Perrault: Honourable senators, I believe, together with the honourable senator, that this is a most important question. I would like to take the question as notice and provide that information at the earliest time possible. It is an extremely important question as far as our nation is concerned.

Senator Smith (Colchester): Thank you.

GARRISON DAM—PROPOSED DIVERSION OF WATER—QUESTION

Senator Grosart: Honourable senators, with respect to another proposed diversion—I am referring to the Garrison Dam—I wonder if the Leader of the Government intends to place before this chamber some information that we understand has been sent to a private citizen in Manitoba concerning government policy and intention in whatever initiative it may be taking? If the Leader of the Government is not aware of the communication to which I refer, I shall be glad to be more specific.

Senator Perrault: I would appreciate hearing any information the honourable senator is able to impart to the chamber.

Senator Grosart: I gather from the press, and from reports in another place, that a letter indicating a government initiative in the matter was disclosed primarily—perhaps, only in a letter—to the person who has been described as the Liberal leader in the Legislature of Manitoba.

Senator Perrault: Honourable senators, I must take that question as notice. At the same time, I would say that the matter of the Garrison Dam and the proposed diversion of water is a matter of great concern to Canadians of all political persuasions. This certainly was one of the concerns which prompted the Prime Minister's visit to Washington. Most Canadians, I believe, welcomed the announcement that construction on the Garrison Dam is to be halted, at least, temporarily. Undoubtedly the matter of the Garrison Dam is the subject of conversations between the President of the United States and the Prime Minister of Canada, and I wish to assure the honourable senator that I shall endeavour to obtain as much information as possible with respect to allegations which, apparently, have appeared in certain periodicals in western Canada. I hope to be able to report to the Senate later this week.

Senator Grosart: I was really only asking that whatever information was conveyed be given to Parliament in this chamber and, perhaps, the other house.

Senator Perrault: The chamber is certainly entitled to any information which may have been communicated to any political representative in the province of Manitoba. I shall endeavour to ascertain whether, in fact, any information which purports to relate to the Garrison project has, in fact, been communicated.

Senator Molgat: Honourable senators, the question was not addressed to me, but in order to keep the record straight it should be pointed out that the reply from the Prime Minister was, in fact, a reply to a communication from Mr. Huband in Manitoba. He was simply responding to that original request. It was not a sudden message from the Prime Minister to a private citizen, as might be inferred from the question.

Senator Grosart: Such an inference was not my intention. However, in view of the assurance we have received from a distinguished senator who was formerly in the position of the recipient of that particular letter, I am sure that he will agree that not all his letters were answered as promptly.

Senator Perrault: The mails are moving much more quickly these days.

TRANSPORTATION

PACIFIC WESTERN AIRLINES—JUDGMENT OF SUPREME COURT OF CANADA—QUESTION

Senator Austin: Honourable senators, I would like to ask a question of the government leader. It concerns the decision of the Supreme Court of Canada given today in the Pacific Western Airlines case. I understand that the Minister of Transport, Mr. Lang, is prepared to introduce an amendment to the Aeronautics Act which would bar any other provinces from taking control of regional carriers.

● (2020)

Can the government leader tell the Senate whether the legislation in question will be made retroactive to deal with the Government of Alberta's acquisition of Pacific Western Airlines?

Senator Perrault: Honourable senators, the decision rendered by the Supreme Court of Canada today will inevitably prompt consideration by the government of possible future courses of action with respect to the acquisition by provincial governments of regional carriers, but as yet no final position has been established. When that position is taken by the government, honourable senators and members of the other place will be made aware of it.

Senator Austin: Would the government leader not agree with me that it would hardly be equitable to allow Alberta to control Pacific Western Airlines, and not allow Manitoba to control Transair?

Senator Perrault: Honourable senators, I do not wish to comment further on the subject at this time. I have not had an opportunity to read in full the judgment of the Supreme Court, thus I think it would be presumptuous of me to render any type of final personal judgment.

Senator Smith (Colchester): Honourable senators, I assume from the replies given by the Leader of the Government that he is aware of the general content of the decision and, consequently, will be able to answer part of my question at least from his personal knowledge. Is it correct to say that the general burden of that decision is that the acquisition of the airline by the Province of Alberta was within the law? Secondly, would he be prepared to acknowledge that retroactive legislation in such a circumstance would be a departure from the ordinary principles of jurisprudence?

Senator Perrault: Honourable senators, the government does not regard the decision of the Supreme Court today as either a victory or a defeat.

Senator Smith (Colchester): I did not ask that.

Senator Perrault: No, but I would say in a preliminary way, in reply to your question, that reference to the court through an appeal was to establish where jurisdictions lie. Surely that is in the national interest.

Perhaps a somewhat comparable case was the referral to the courts of the question of the ownership and control of offshore mineral and other resources in the Atlantic provinces. Following the decisions of the courts, an agreement with respect to ownership, control and revenue sharing was achieved, I understand, with certain Atlantic provinces—an agreement, which I think the honourable senator may agree, has been highly satisfactory to the Maritime provinces.

Senator Smith (Colchester): Don't presume too much.

Senator Perrault: Well, I can only state that the premier of one well known and respected maritime province, whose government was led formerly by the distinguished Senator Smith, has hailed the agreement as being in the interests of the people of Nova Scotia.

Senator Smith (Colchester): Well, he had to.

Senator Perrault: I must not comment on provincial affairs of concern to the honourable senator.

Senator Smith (Colchester): Then please don't. Just answer the question.

Senator Perrault: But, as I have said, these two instances may be comparable. As in the case of the referral regarding the ownership and control of offshore resources in the Atlantic provinces, today's Supreme Court decision, after an appeal by a government, appears to have established the legal situation with respect to PWA.

There is now the possibility of a policy decision following today's ruling by the Supreme Court. However, the government is not in a position to make any announcement with respect to that possible policy at this time.

Senator Smith (Colchester): Well, in any event, I am sure the Leader of the Government did not mean to evade answering my question as to what was the general purport of the decision of the Supreme Court, which obviously lies within his knowledge.

Senator Perrault: Up to this time I have been able to obtain only truncated news report versions of that purported decision. Obviously, the honourable senator has read the complete judgment of the Supreme Court of Canada, an opportunity which I have not had.

Senator Smith (Colchester): This is not a question but I think I have to assert that I had not realized, until Senator Austin asked the question of the Leader of the Government, that the decision had actually been rendered. All I am trying to do now is ascertain what knowledge the Leader of the Government is able to impart to us with reference to that decision.

Senator Perrault: Honourable senator, I would not presume to interpret the implications of the decision of the Supreme Court without having read it completely, especially in the august presence of so many honourable senators learned in the law.

Senator Smith (Colchester): That is a very prudent attitude. I trust it will obtain in all other matters with which the honourable Leader of the Government is engaged.

Senator Croll: Senator Smith ought to have quit while he was ahead. He was right on both questions. Why go any further?

CONFEDERATION

PROPOSED SPECIAL JOINT COMMITTEE TO EXAMINE MATTERS OF MUTUAL INTEREST TO ALL CANADIANS—DEBATE CONTINUED

The Senate resumed from Wednesday, February 2, the debate on the inquiry of Senator Cook calling the attention of the Senate to matters of interest concerning Labrador and also to the desirability of establishing a Special Joint Committee of the Senate and the House of Commons to examine matters of mutual interest to all Canadians whether they reside in Quebec or elsewhere in Canada.

Hon. Chesley W. Carter: Honourable senators, I should like to say a few words in support of Senator Cook's observations on his inquiry. I congratulate him on the initiative he has taken in bringing this matter to the attention of the Senate, and on the extremely lucid and competent manner in which he dealt with a difficult and delicate subject but one which, nevertheless, is of great interest to all Canadians. The very existence of Canada as a nation is at stake. The election of a separatist government in the province of Quebec has suddenly brought us face to face with what heretofore most of us regarded as unthinkable.

If this threat to our national existence were coming from without, the majority of Canadians from one end of Canada to the other would come together and, as we have done over the past 200 years, would put forth a united effort to defend and preserve our national entity.

This time, however, the threat is from within, but it is no less real and no less dangerous. It could be even more dangerous than a threat from without, and it will demand the same degree of dedication, and perhaps an even more difficult kind of effort, than was required in the past.

What we must realize at the outset is that the struggle to preserve Canada as a nation is largely ideological—ideological in the broadest sense, which includes the psychological aspects as well. Those who would fracture Canada have a powerful idea, plus a passion and a plan. Their idea is division. It is a bad idea but, nevertheless, within its limits, is a strong, unifying and dynamic force. As for their passion, their total dedication and commitment to the ultimate victory of their idea is

without question. And they also have a plan and a strategy. Their plan is to present their idea as something that is inevitable; as an idea whose time has come; as a logical and progressive sequence of events which is painless and in the best interest of all concerned.

Their general strategy is to ignore the details and concentrate on the general idea, focusing attention on the broad outline without bothering to deal with the ramifications, the contradictions, the unpleasant and inconvenient details, and the awkward questions about what is actually involved and how things are going to work.

They have among them trained people who are skilled at painting with a broad brush; at giving people a false sense of security; at manipulating the truth; and in all this they have substantial support of a section of the Quebec press, assisted by Radio Canada.

That is what we federalists are up against, and it would be a very foolish mistake to underestimate the strength and advantages of those who are dedicated to the division of our nation. There are a thousand ways in which they can take the initiative, and we have no adequate response. There are a thousand ways in which they can exploit opportunities to cause pinpricks day after day, which they hope will generate frustration and resentment to the point where the rest of Canada will say, "The heck with it; let them go". These are the kinds of tactics that have already been used and will be used even more. We must understand this and learn to keep our cool, develop our patience and devise strategies of our own.

● (2030)

The Parti Québécois have been propagating their idea of separatism for a number of years, and their task has been made easier for them because those of us who oppose separatism have treated the problem as being more or less an academic question which would fade away with the passage of time. We have certainly not regarded it as a question that would have to be dealt with by this generation.

Acting under this delusion, we have sought to buy time by granting to Quebec special concessions, one by one, in a piecemeal fashion, sometimes because most of us care for the welfare of the people of Quebec, and sometimes in response to an ultimatum.

In this way we have, to some extent, accustomed ourselves to accepting the separatist idea, while at the same time the powers of the federal government have been diminished and dissipated to the point where Canada has become more and more difficult to govern. We are already the most decentralized federation of its size in the world—

Senator Forsey: Hear, hear.

Senator Carter: —and had the other provinces demanded and received similar concessions, Canada today would be nothing more than a loose collection of incohesive states, each pursuing its own narrow selfish interest regardless of the consequences to each other or to the world at large.

The idea of separatism is not confined to Quebec. It exists in other provinces, particularly in the west, and also within provinces. Northern Ontario feels it would be better off if it could become a separate province, and this feeling is also prevalent in Labrador. In my own province there is a growing disenchantment with the federal system for reasons that have been stated many times in this chamber and need not be repeated now.

In 1948-49, when the question of joining Canada was before the people of my province, they had to consider along with it an alternative proposal of some kind of union with the United States. This had a very strong popular appeal, economically and emotionally, because expenditures of the U.S. government had brought unprecedented prosperity, and the American forces had forged extremely warm and friendly ties with our people—ties which were greatly strengthened by the marriage of many Newfoundland women to U.S. servicemen.

We chose Confederation by a very narrow margin, and one of the factors that tipped the scale in its favour was our historic loyalty and devotion to the British Crown—

Senator Forsey: Hear, hear!

Senator Carter: —along with our emotional attachment to the Royal Family. We share these emotional ties with the majority of English-speaking Canadians. When our Queen is insulted, it is an insult to us. Such actions create disunity.

The idea of union with the United States is again being revived, and should Quebec become an independent state it will likely gain very strong support. Once one part of Canada becomes unstuck, it will be much easier for the other parts to become unstuck also.

The events of November 15 last came as a shock, particularly to English Canada. To use a favorite Newfoundland nautical expression, "We have been brought up with a round turn," and, personally, I think this is a good thing. It might well turn out to be a blessing in disguise because had we continued drifting lethargically along, as we were doing, a separated Quebec could well have become a fait accompli before we realized what was really happening.

Now we have been shaken out of our lethargy, and find ourselves suddenly faced with reality. All Canadians must now face the question: Is Canada as a national entity worth saving; if so, what am I as an individual prepared to do about it? In the past we have not given much thought to these questions because we have been too engrossed in pursuing our own narrow selfish interests. We have taken Canada more or less for granted. Now these questions suddenly confront us and we cannot evade them any longer.

The inquiry before us poses a further question: What should be the role of the Senate in this matter? As I see it, there are two kinds of jobs to be done, both of equal importance, and the Senate should be involved in both of them. Furthermore, they should be done simultaneously.

The first job as Senator Cook pointed out, is to get the facts. As I said earlier, Mr. René Lévesque and his ministers are painting with broad strokes, concentrating on the broad outline of the picture and ignoring the details. They talk about some sort of association of an independent Quebec with English

Canada. They refer to a common market, a monetary union and a customs union, but always in the vaguest terms. The task is to bring these details into focus, to get the facts—insofar as they can be obtained—as to what the effects of separation would be and what is involved in the various proposals they are talking about. This information must then be made available to all Canadians, particularly to the people of Quebec, so that when the referendum is held they will know what is involved in the choices they are asked to make.

It seems to me that this job can best be done by an all-party joint committee of both houses as it is most appropriate that the people themselves be represented on the committee through their elected members. Such a committee should be provided with the ablest staff available—people specially fitted by training and experience for this particular kind of work, people whose reputations are such as to command nation-wide respect so that their findings cannot be easily dismissed or challenged by the separatists.

As Senator Cook pointed out in his excellent speech on February 2, there are a number of important matters about which we must have the facts before we can really understand what is involved for all of us—Quebecers as well as other Canadians—should Quebec become a separate state. This is vital for several reasons—to clear up the confusion that already exists; to prevent the creation of further confusion; and also to refute the misinformation that has already been spread and is still being propagated.

To give an example, about two weeks ago on TV-Ontario, two ministers of the Quebec government appeared on Judy LaMarsh's Sunday evening program, and the question of the Labrador boundary was discussed. Both these ministers claimed that Quebec had been deprived of territory at a hearing to which the province had not been a party. Senator Cook has already refuted this claim, pointing out that Quebec was represented at that hearing by one Mr. Aimée Geoffrion. This is confirmed in the *Encyclopedia Canadiana*, volume VI, page 35, but the falsehood continues to be spread.

● (2040)

If you study the *Boundaries of Canada, 1964*, published by the Geographical Branch of the Department of Mines and Technical Surveys, you will see that the same principles and interpretations were applied to the Labrador question as were applied in determining the other boundaries of Quebec. Senator Cook has dealt with this matter so thoroughly that nothing more needs to be said on this subject, except that the *Encyclopedia Canadiana* goes on to say, "Finally in 1971 the Royal Commission on Quebec's boundaries admitted that Quebec's case in Labrador was not worth pursuing." The people of Quebec have been grossly misinformed, and the truth needs to be emphasized over and over again. Without the facts we will not know what we are doing or even what we are talking about.

Related to the boundaries question, however, one of the most important problems to be settled, should Quebec become an independent state, is the question of territory. Confederation was an agreement—a compact, really,—between Quebec and the other provinces, and, should Quebec unilaterally decide to break that agreement, it is inconceivable that Quebec alone would decide what territory belongs to her and what belongs to the rest of Canada.

The territory administered by the Quebec government today is practically double what it was when Quebec joined with the other provinces in 1867. At that time the northern boundaries of both Quebec and Ontario were the southern boundary of Rupert's land in the Northwest Territories, which were admitted to the Dominion of Canada as a separate entity called the Northwest Territories. Quebec's boundaries have been extended several times since 1867 for purposes of administration, and it was not until 1912 that the northern boundary of Quebec was extended to Hudson Bay and Hudson Strait, incorporating what had come to be called the District of Ungava.

The act of secession would nullify all these agreements, which were made with the understanding that Quebec would always remain a part of Canada. As a general principle, therefore, it is difficult to see on what basis Quebec could expect to take out of Confederation any more territory than she brought into Confederation.

The territories beyond Quebec's historic boundary of 1867 have always been historically a part of British North America, and belong to all Canada. There are two valid reasons why Canada might refuse to relinquish control over these territories. One is for defence purposes and the other is our obligations to the native peoples, who are a federal responsibility. Indeed the native peoples themselves might want to have a say in this matter. They would be perfectly justified if they did, because they have their own language, culture and heritage, which are as distinct as the attributes on the basis of which Mr. Lévesque justifies Quebec's becoming an independent state.

Fact finding is a vital necessity, and there is so much to be done that the sooner it is started the better. The separatist idea is not going to be disarmed by concessions, by dollars and cents, or by other material considerations. An idea can be changed only by a superior idea; consequently, there is another equally important, equally vital task to be performed, and that is the development and promotion of a counter-ideology which has as its central core the positive idea of national unity. This task, in my opinion, can best be done by a special committee of the Senate. No contest has ever been won by defensive action alone. If Canada is to remain united, federalists must assume the initiative. To do this, we must have the facts, and this is where the two committees complement each other.

What would the Senate committee do? As I see it, its first task would be to examine the brand of federalism we have today and find out what has gone wrong with it, and why it is not working in the way that was envisioned. What mistakes have been made and what must be done to put them right? What are the main factors responsible for the alienation, the lack of cooperation, the pettiness and the meanness of spirit that has developed among us? What is the basis of such unity as does exist in Canada today, and how does it compare with what the true basis should be?

A second task that must be carried out is to interpret the different parts of Canada to each other, making Canadians aware of each other's hopes and aspirations, and developing an awareness and appreciation of each other's contribution to the nation as a whole.

Canada is such a vast expanse of territory that many Canadians find it difficult to think in terms of the whole country and therefore tend to think of their provinces in isolation from the rest of the nation. That has made us parochial, and this parochial outlook and approach shows up very well in our printed media.

The result is that when they think of Canada as a whole, they too often visualize a picture that is often drawn by politicians. This picture portrays Canada as a cow extending from the Atlantic to the Pacific. The animal feeds in western Canada and is milked in central Canada, and it is not difficult to imagine what happens in the maritimes. How can we expect to develop national unity when we foster such concepts?

There are many positive forces in our nation, and a third task is to mobilize them in the cause of national unity. Already, the Quebec-Canada movement has come into existence and is spreading rapidly. It needs to be encouraged and assisted in every way possible. But there are other positive forces, such as the Royal Canadian Legion, Rotary International, and the National Survival Institute, to name a few. These organizations are well established, with branches all across Canada. They all have a stake in national unity and are anxious to play a part in keeping Canada together. There is, however, need of a coordinating agency to plan an integrated strategy so that maximum benefit can be obtained from the contribution each can make towards meeting successfully the challenge that confronts us all.

Finally, we must get our people to understand the true concept of democracy. If asked to define democracy, most people would quote Lincoln at Gettysburg and answer that democracy is government of the people, by the people and for the people. Actually, Lincoln himself was quoting the Reverend Theodore Parker, who stated this first in 1850, and again in 1854, in the condensed forms that Lincoln used nine years later.

Abraham Lincoln's actual words at Gettysburg were:

> That this nation [the United States] under God, will have a new birth of freedom, and—

Here the phrase "under God" is still implied.

> —that government of the people, by the people, for the people, shall not perish from the earth.

● (2050)

It is evident that the phrase "under God" is the core of Lincoln's entire concept of democracy. Without being pious he made practical the one realistic hope of binding up his nation's wounds. In the same way, it is the key to our national unity and national survival. How can we expect to achieve unity, truth and justice, righteousness and freedom in our land if we leave the Supreme Ruler out of our plans? In both Houses of Parliament we open each sitting with prayers, and we pray "Thy will be done." If these are empty words, we should not say them. If we mean them, we should apply them.

Both separatists and federalists share many common objectives as Canadians and as members of the human race. It is where one party, one individual or group is determined to impose his or their will and plans on another, no matter what, that traumatic division is inevitable. A wise and politically astute man has said:

> The petty plans of men like me
>
> Rob my country of its destiny.

This is what each of us, from the Prime Minister down, is facing today.

I have tried to give a brief outline of the vital tasks that must be done, and how in my opinion the Senate can make the greatest contribution to Canada.

The stunning impact of November 15 is moving Canadians out into a period of second thoughts. Second thoughts are second nature to this chamber. It exists to consider them. Ideally we have been chosen as individuals because we have long been exposed to the winds of change; to the sweeping away of superficialities; to the quick recognition of the bedrock on which two centuries of Canadians have created a nation.

If there is anything which should help each of us to greater purification of motives, to the willingness to break old but demonstrably inadequate modes of thought or conduct, it is the simple fact of the hour that has struck for Canada—the hour of both domestic crisis and the opportunity to give heart to a world already burdened with the tragedies of division.

But let us not fool ourselves. There is a price to be paid. The price of national unity and true democracy comes high. The question is whether we are prepared to pay for it.

There is evidence that Mr. Lévesque and his ministers are banking heavily on the assumption that when the crunch comes we will not be prepared to pay the price. The Quebec market is very important to Ontario, and a recent article in the Ottawa *Citizen* by Douglas Fullerton states as follows:

> In the course of one private talk with a banker in New York, at the time of the recent speech, Lévesque and Finance Minister Jacques Parizeau were asked about "the difficulty of negotiating a customs or economic union with Canada after separation." Parizeau is reported to have dismissed this concern, in somewhat summary fashion, by saying, "We have discussed this at length with Ontario; there are no problems."

The article continues:

> It is unfortunate that Premier William Davis' recent visit to Quebec and his conciliatory statements at that time appear to give some credence to this claim.

Canada now faces the same question as Hamlet—"To be or not to be." Those of us who want to preserve Canada intact as one nation, face a tremendous challenge and a tremendous opportunity to build a new unity and a new concept of democracy in our country.

The battle is for the hearts and minds of people, particularly the people of Quebec. It will be fought mainly on the ideological front. We have the superior idea of democracy as defined by the Reverend Theodore Parker and applied by President Abraham Lincoln. If we adopt this idea and apply it to our personal and national life, there will be no separation. The dynamics of this idea in action will generate an over-arching uniting force that will be irresistible, and will enable us to bring to reality that noble dream of the Founding Fathers expressed in the words: "That He shall have Dominion from Sea to Sea."

Hon. Paul Desruisseaux: Honourable senators, I shall speak for not more than six minutes and I will do so in French, so bear with me, if you please, for a little while.

[*Translation*]

Honourable senators, I wish to congratulate Senator Cook for the skill, the restraint and sober thought which he demonstrated when he put forward the subject matter of his speech. The humility and moderation of our esteemed colleague have added to the value of his argument. I also want to congratulate Senator Carter for the excellent contribution he has just made to the debate on Senator Cook's motion.

However, I am far from convinced that this is the right time to debate with the best results the issue of the separation of Quebec from Canada before a joint committee of the House of Commons and the Senate.

If I understood well what the Senate government leader said recently, we should rather wait until the federal government expresses its views on the best ways to investigate, study and analyse the issue of the Quebec separatist movement. For more than seventy-five years now, the problem has been getting worse. It becomes important now to opt for the most constructive measures to maintain the unity of the federation, the unity of the Canadian nation. The remarks of the Leader of the Government in the Senate, the Honourable Ray Perrault, invite us to tread lightly.

In addition, I wonder what useful purpose could be served by discussing Labrador at a time when exchanges could readily turn into heated debate. In short, ever since 1927 the topic has never failed to arouse controversy in Quebec as well as in Newfoundland.

Why then join this issue with that of separatism? I feel that such discussions now would be negative rather than positive and constructive.

Suffice it to point out, as an example, that the 1927 decision of the Privy Council of London, transferring a huge part of territories over which Quebec claimed and still claims unquestionable rights, is still considered by the vast majority of Quebecers, men and women alike, as a wrongful decision on the vested rights of Quebecers and for them a perfidious judgment and bad opportunist policy. Fifty years later, that 1927 transfer has yet to be recognized, or swallowed, by those Quebecers. So because of the problem of separatism, which I feel must now have priority in study and consideration, it seems to me in bad taste to bring up again a debate at once emotional and controversial at such an unfortunately critical time in the history of our Canadian federation.

For my part, I would rather wait, to better discuss the arguments pertaining to the separation of our federation, until we have had the results of the analysis now under way on the best ways to strengthen unity among the members of our Canadian federation.

So, for all those reasons, I consider premature the motion of Senator Cook to set up a joint committee of the Senate and the House of Commons to study the matter of the separation of Quebec and bring up once more the Labrador controversy.

I also feel that I should not speak on the subject at this time. I would rather wait for a more propitious occasion, when we know what plans the federal government has made to deal with the various movements to dislocate the confederative system of our Canadian nation. Then I shall do so, recognizing and evaluating the topics so brilliantly put to us by our colleague Senator Cook.

• (2100)

[*English*]

On motion of Senator Langlois, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 435*)

JOINT MEETING OF UNITED STATES CONGRESS

February 22, 1977

ADDRESS BY PRIME MINISTER

Mr. Speaker, Mr. President, Members of the Congress:

For much more than a century, individual Canadians, in countless ways and on countless occasions, have expressed to Americans their friendship. Today, as Prime Minister I am given the opportunity to express those feelings collectively before the elected representatives of the American people.

I do so with pride, and with conviction.

[*Translation*]

I speak to you as a fellow Parliamentarian, honoured, as are all Canadians, by your invitation to appear in this historic chamber. Here, on the spot where so many of your distinguished leaders have stood, I express to you the most cordial of greetings. The warmth of your welcome reinforces what I have always known: that a Canadian in the United States is among friends.

[*English*]

The friendship between our two countries is so basic, so non-negotiable, that it has long since been regarded by others as the standard for enlightened international relations. No Canadian leader would be permitted by his electorate consciously to weaken it. Indeed, no Canadian leader would wish to, and certainly not this one.

Simply stated, our histories record that for more than a century millions upon millions of Canadians and Americans have known one another, liked one another, and trusted one another.

Canadians are not capable of living in isolation from you any more than we are desirous of doing so. We have benefited from your stimulus; we have profited from your vitality.

Throughout your history, you have been inspired by a remarkably large number of gifted leaders who have displayed stunning foresight, ofttimes in the face of then popular sentiments. In this city which bears his name, on the anniversary of his birthday, George Washington's words bear repeating. In a message familiar to all of you in this chamber, he said: "It is of infinite moment that you should properly estimate the immense value of your national union to your collective and individual happiness."

At a moment in the history of mankind when men and women cannot escape from the knowledge that the only hope for humanity is the willingness of peoples of differing complexions and cultures and beliefs to live peaceably together, you have not forsaken Washington's high standards. You have chosen to declare your belief in the protection of minorities, in the richness of diversity, in the necessity of accommodation. You have contributed new fibre to that seamless fabric we call the history of mankind—that stumbling, incoherent quest by individuals and by nations for freedom and dignity.

Liberty and the pursuit of happiness have not been theoretical concepts for Americans, nor have they been regarded as elusive goals. You have sought each with vigour, and shared with all mankind the joy and the creativity which are the products of freedom. You have illustrated throughout your history the resiliency, the dedication and the inherent decency of American society.

The United States' achievement in recent years of conducting a great social revolution—overcoming difficulties of immense complication and obdurateness, and doing so through the democratic process—is surely a model for all nations devoted to the dignity of the human condition. Freedom-loving men and women everywhere are the beneficiaries of your example. Not the least among them are Canadians, for whom the United States has long been the single most important external influence—the weather only excepted.

We in Canada, facing internal tensions with roots extending back to the 17th century, have much to gain from the wisdom and discipline and patience which you, in this country, in this generation, have brought to bear to reduce racial tensions, to broaden legal rights, to provide opportunity to all.

Canadians long ago determined to govern themselves by a parliamentary system which favours the flowering of basic aspirations—for freedom, for justice, for individual dignity. The rule of law, sovereignty of parliament, a broad sharing of powers with the provinces, and official support of the pluralistic nature of Canadian society have combined to create in Canada a community where freedom thrives to an extent not exceeded anywhere else, a community where equality of opportunity between people and between regions is a constant goal.

The success of our efforts in the first century following Confederation was promising, but by no means complete. We created a society of individual liberty and of respect for human rights. We produced an economic standard of living which approaches your own. We have not, however, created the conditions in which French-speaking Canadians have felt they were fully equal or could fully develop the richness of the culture they had inherited. And therein is the source of our central problem today. That is why a minority of the people of Quebec feel they should leave Canada and strike out in a country of their own. The newly elected government of that province asserts a policy that reflects that minority view despite the fact that during the election campaign it sought a mandate for good government, and not a mandate for separation from Canada.

The accommodation of two vigorous language groups has been, in varying fashion, the policy of every Canadian government since Confederation. The reason is clear. Within Quebec, over 80 per cent of the population speak French as their first or only language. In Canada as a whole, nearly one-fifth of the people speak no language but French. Thus from generation to generation there has been handed down the belief that a country could be built in freedom and equality with two languages and many cultures.

I am confident it can be done. I say to you with all the certainty I can command that Canada's unity will not be fractured. Accommodations will be made; revisions will take place. We shall succeed.

There will have to be changes in some of our attitudes; there will have to be a greater comprehension of one another across the barrier of language difference. Both English-speaking and French-speaking Canadians will have to become more aware of the richness that diversity brings and less irritated by the problems it presents. We may have to revise some aspects of our Constitution so that the Canadian federation can be seen by six and a half million French-speaking Canadians to be the strongest bulwark against submersion by 220 million English-speaking North Americans.

These very figures illustrate dramatically the sense of insecurity of French Canada. But separation would not alter the arithmetic; it would merely increase the exposure.

Nor would the separation of Quebec contribute in any fashion to the confidence of the many cultural minorities of diverse origin who dwell throughout Canada. These communities have been encouraged for decades to retain their own identities and to preserve their own cultures. They have done so and flourished, nowhere more spectacularly than in the prairie provinces of Alberta, Saskatchewan and Manitoba. The sudden departure of Quebec would signify the tragic failure of our pluralist dream, the fracturing of our cultural mosaic, and would likely remove much of the determination of Canadians to protect their cultural minorities.

Problems of this magnitude cannot be wished away. They can be solved, however, by the institutions we have created for our own governance. Those institutions belong to all Canadians, to me as a Quebecer as much as to my fellow citizens from the other provinces. And because these institutions are democratically structured, because their members are freely elected, they are capable of reflecting changes and of responding to the popular will.

I am confident that we in Canada are well along in the course of devising a society as free of prejudice and fear, as full of understanding and generosity, as respectful of individuality and beauty, as receptive to change and innovation, as exists anywhere. Our nation is the encounter of two of the most important cultures of western civilization, to which countless other strains are being added.

Most Canadians understand that the rupture of their country would be an aberrant departure from the norms they themselves have set, a crime against the history of mankind; for I am immodest enough to suggest that a failure of this always-varied, often-illustrious Canadian social experiment would create shock waves of disbelief among those all over the world who are committed to the proposition that among man's noblest endeavours are those communities in which persons of diverse origins live, love, work and find mutual benefit.

Canadians are conscious of the effort required of them to maintain in healthy working order not only their own nation but as well the North American neighbourhood in which they flourish. A wholesome relationship with our mutual friend Mexico and a robust partnership with the United States are both, in our eyes, highly desirable. To those ends we have contributed much energy. And you in this country have reciprocated to the point where our relationship forms a model admired by much of the world—one moulded from the elements of mutual respect and supported by the vigour of disciplined cooperation.

We have built together one of the world's largest and most efficient transportation and power-generating systems in the form of the St. Lawrence Seaway. We have conceived and established the world's oldest, continuously functioning binational arbitral tribunal—the International Joint Commission. We have joined together in many parts of the world in defence of freedom and in the relief of want. We have created ofttimes original techniques of environmental management, of emergency and disaster assistance, of air and sea traffic control, of movements of people, goods and services—the latter so successfully that the value of our trade and the volume of visitors back and forth exceeds several times over that of any other two countries in the world. It is no wonder that we are each so interested in the continued social stability and economic prosperity of the other.

Nor should we be surprised that the desire of the American and Canadian peoples to understand and help one another sometimes adopts unusual forms. In what other two countries in the world could there be reproduced the scene of tens of thousands of people in a Montreal baseball park identifying totally with one team against the other, forgetting all the while that every single player on each is American, and a similar scene in the Washington hockey arena where thousands of spectators identify totally with one team against another, forgetting that virtually every player on the ice is Canadian.

Thus do the images blur, and sometimes do they lead to chafing. Yet how civilized are the responses! How temperate are the replies! We threaten to black out your television commercials! You launch fusillades of anti-trust proceedings! Such admirable substitutes for hostility!

More important than the occasional incident of disagreement is the continuing process of management which we have successfully incorporated into our relationship. It is a process which succeeds through careful attention, through consultation, and through awareness on both sides of the border that problems can arise which are attributable neither to intent nor neglect, but to the disproportionate size of our two populations and the resulting imbalance of our economic strength.

Those differences will likely always lead us in Canada to attempt to ensure that there be maintained a climate for the expression of Canadian culture. We will surely also be sensitive to the need for the domestic control of our economic environment. As well, in a country visited annually by extreme cold over its entire land mass, a country so far-flung that transportation has always posed almost insuperable problems, the wise conservation of our energy resources assumes a compelling dimension. And for a people devoted throughout their history to accommodating themselves with the harshness, as well as the beauty, of their natural surroundings, we will respond with vigour to any threat of pollution or despoliation be it from an indigenous or from an external source.

Our continent, however, is not the world. Increasingly it is evident that the same sense of neighbourhood which has served so well our North American interests must be extended to all parts of the globe and to all members of the human race. Increasingly, the welfare and human dignity of others will be

the measurement of our own condition. I share with President Carter his belief that in this activity we will achieve success.

Even as we have moved away from the cold war era of political and military confrontation, however, there exists another danger: one of rigidity in our response to the current challenges of poverty, hunger, environmental degradation, and nuclear proliferation. Our ability to respond adequately to these issues will in some measure be determined by our willingness to recognize them as the new obstacles to peace. Sadly, however, our pursuit of peace in these respects has all too often been little more imaginative than was our sometimes blind grappling with absolutes in the international political sphere. Moreover, we have failed to mobilize adequately the full support of our electorates for the construction of a new world order.

The reasons are not hard to find. In these struggles there is no single tyrant, no simple ideological contest. We are engaged in a complex of issues of overwhelming proportions yet with few identifiable labels. Who, after all, feels stirred to oratorical heights at the mention of commodity price stabilization or full fuel cycle nuclear safeguards or special drawing rights? Yet these are the kinds of issue that will determine the stability of tomorrow's world. They will require innovative solutions and cooperative endeavour, for these struggles are not against human beings: they are struggles with and for human beings, in a common cause of global dimensions.

It is to the United States that the world looks for leadership in these vital activities. It has been in large measure your fervour and your direction that has inspired a quarter century of far-flung accomplishment in political organization, industrial development and international trade. Without your dedicated participation, the many constructive activities now in one stage or another, in the several fields of energy, economics, trade, disarmament and development, will not flourish as they must.

My message today is not a solicitous plea for continued United States involvement. It is an enthusiastic pledge of spirited Canadian support in the pursuit of those causes in which we both believe. It is as well an encouragement to our mutual re-dedication at this important moment in our histories to a global ethic of confidence in our fellow men.

In that same address to which I referred some minutes ago, George Washington warned against "the insidious wiles of foreign influence" and the desirability of steering "clear of permanent alliances with any portion of the foreign world." Yet here I stand, a foreigner, endeavouring—whether insidiously or not you will have to judge—to urge America ever more permanently into new alliances. That I dare do so is a measure not only of the bond which links Canadians to you, but as well of the spirit of America. Thomas Paine's words of two centuries ago are as valid today as when he uttered them:

> My country is the world, and my religion is to do good.

In your continued quest of those ideals, ladies and gentlemen, all Canadians wish you Godspeed.

80003–30

THE SENATE

Wednesday, February 23, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation in the collective agreement between Kelly, Douglas and Company Limited and their warehouse and retail store employees, represented by the General Truck Drivers and Helpers Union (Local 31), dated February 14, 1977.

NATIONAL SYMBOLS

DISTRIBUTION TO MEMBERS OF PARLIAMENT—QUESTION

Senator Riley: Honourable senators, I should like to address a further question to the Leader of the Government in the Senate—not to the Leader of the Opposition this time—on a subject I raised recently, that being the provision of supplies of the national emblem of Canada, whether in the form of flags or lapel pins, for distribution to our constituents.

These buttons and flags are available to members of the House of Commons, but apparently they are not available to members of the Senate. I was told when I asked the question the other evening that the Leader of the Government had already spoken to the Secretary of State and had been assured that these emblems would be made available to senators. I subsequently made a further inquiry of the Citizenship Branch and was told that they had heard nothing of this. The first time I was told that it had been discussed but that it had been decided that they would not be available to senators.

Senator Grosart: Question!

Senator Riley: My question is this: Has the Leader of the Government had any confirmation that these symbols will be made available to us? He said he had spoken to the minister, but I called subsequently and was told that they were not available.

Senator Perrault: Honourable senators, I can only reiterate that I received verbal assurances from the Secretary of State that there would be equal treatment for members of the Senate and members of the House of Commons with respect to the distribution of flag pins and emblems. I have not received that assurance in writing, but I hope to receive in writing that verbal commitment given to me by the Honourable the Secretary of State. He did say in our conversation, "It is my understanding that this is the case, but I am going to check into it."

I have no further information to offer the house at this time, but it is a matter which I hope can be clarified in writing by the Secretary of State.

• (1410)

Senator Riley: May I ask a supplementary question? If the Leader of the Government is able to obtain this confirmation in writing, will he also endeavour to obtain for us the name of the person in the Department of the Secretary of State to whom senators may direct a request for a supply of these flags?

Senator Perrault: I agree that at this particular time in our history it is important to make widely available those symbols of national unity which all of us acclaim and support. I shall certainly undertake to obtain from the Honourable the Secretary of State details with respect to the source, supply and provision of these flags and pins. I hope to do that within the next few days.

Senator Flynn: May I ask a supplementary question? Would the problem be that it is difficult to find the constituents of some senators, especially those from New Brunswick who represent the whole of the province, which is not the situation with respect to senators from Quebec, who have definite constituencies or divisions?

Senator McDonald: Honourable senators, I wonder if I may be permitted to shed a little light on this subject. Only yesterday I phoned the office of the Secretary of State to inquire whether it would be possible for me to obtain a quantity of the flags and the lapel pins of the Canadian flag. I was informed that the members of the Senate and the members of the House of Commons have equal privileges in this area, but that the problem is that at the moment there are no flags or pins available. I was told that as soon as they became available I would be notified.

Senator Flynn: That is a supplementary answer, not a supplementary question.

Senator McDonald: If you want to know how to get them, I am just telling you how.

TRANSPORTATION

PACIFIC WESTERN AIRLINES—JUDGMENT OF SUPREME COURT OF CANADA—QUESTION

Senator Austin: Honourable senators, I should like to direct a question to the Leader of the Government with respect of

Pacific Western Airlines. The Attorney General for British Columbia stated yesterday that he expected the government to follow up on the advice given by the Minister of Transport that, following the decision of the Supreme Court of Canada, consideration would be given to retroactivity with respect to the acquisition of control of Pacific Western Airlines by the Government of Alberta.

The government leader will be aware that in answer to a question by me on July 14, 1976, he said that:

> —thought is being given to legislation with some possible retroactivity to meet some of the concerns posed by the acquisition of Pacific Western Airlines by the Province of Alberta.

The leader is aware that the purpose of the Canadian transportation legislation is to allow new owners or proposed new owners to explain the public interest in the acquisition of control of regional carriers. I would ask the leader to advise whether the government proposes to have a public examination of the purposes for which the Government of Alberta acquired Pacific Western Airlines, and thereby to obtain public assurances with respect to its management and/or whether the government proposes to deal with legislation amending the Aeronautics Act to provide for retroactivity to achieve the same results.

Senator Perrault: Honourable senators, the decision rendered yesterday by the Supreme Court of Canada with respect to Pacific Western Airlines, stemming from an appeal by the Province of Alberta, has possible implications for many other regions of Canada. For that reason there has been discussion in government about possible actions following that decision. These discussions within government have taken place over a number of months, but no final position has yet been evolved.

There is a belief on the part of the government that it is a legitimate function of the federal government and/or its agencies to ensure that the regions of Canada are served fairly and equitably by the regional air carriers of this nation, wherever those air carriers may operate.

There was some initial concern with respect to the acquisition of Pacific Western Airlines Ltd. by the Province of Alberta, because at the time a spokesman for the Government of Alberta stated that the acquisition was being undertaken to benefit the people of Alberta, and there was concern expressed at that time by some federal spokesman that there were some legitimate questions to be asked with respect to the planned PWA service for other provinces and political entities within the service region of PWA.

The federal government, in any case, will not formulate its policy in any kind of punitive spirit, but only with the objective of ensuring that all regions of Canada are treated equitably and fairly with respect to air transportation.

There are obvious implications stemming from the fact that provincial governments, be they in eastern, western or central Canada, may wish to acquire effective control over regional air carriers. Regional interests must be protected, and it is the belief of the government that the Canadian Transport Commission has a legitimate role to play in ensuring that all those who live in these regional areas, regardless of the province of residence, should have good service, should be treated fairly, should have their needs met within reason, and should have the right to appeal to a neutral federal agency.

Senator Austin: I take it that the leader is saying that he agrees there should be a public hearing with respect to the ownership by the Province of Alberta of Pacific Western Airlines Ltd., and that an amendment may well be brought in to provide that a public hearing take place.

Senator Perrault: I can only say that an amendment is certainly under consideration, but it is not possible for me to go beyond that at this time.

Senator Flynn: May I ask the Leader of the Government if I was wrong in interpreting Mr. Lang, the Minister of Transport, as having said that the legislation would not be retroactive?

Senator Perrault: There were press reports to that effect, but I did not hear Mr. Lang's statement. I believe it would be in the interests of the Senate if I undertook to obtain a statement from the Minister of Transport and the government, and present it to the Senate tomorrow afternoon. I shall undertake that responsibility.

Senator Flynn: Would the Leader of the Government, at the same time, clarify whether the problem of acquisition is not distinct from the problem of the head office of a regional airline and whether that head office should be situated in one province or another?

Senator Perrault: I believe there may be three aspects of the question under consideration. There is, first of all, control, supervision of schedules and the type of service provided to the regions of Canada, and whether or not there should be some agency with the power to ascertain whether those regional interests are being served.

The second aspect, surely, is whether provincial crown companies should, in fact, be permitted to control regional air carriers or to own any part of those regional air carriers; and, if so, to what extent.

The third aspect is the one to which the Leader of the Opposition referred.

Senator Flynn: Would the leader say whether his heart is in British Columbia or Alberta?

Senator Langlois: On the border.

Senator Perrault: Honourable senators, I have a concern, just as has the Leader of the Opposition, primarily for the Canadian national interest.

• (1420)

Senator Austin: I thank the Honourable Leader of the Opposition for his assistance, but I thank him cautiously because I do not know what he has in mind.

I would request the Leader of the Government that it be borne in mind that in terms of the question of retroactivity Mr. Lang's statement last summer—

Senator Flynn: Last summer is a long time ago.

Senator Austin: —made it clear that as the province had proceeded without any notice to the federal government, or federal government agency, the federal government had felt that no retroactive barrier would apply.

Senator Buckwold: May I ask the Leader of the Government to provide an answer to a fourth question in this particular area? Has the government given any consideration to the taxation position of a provincial crown corporation operating an airline? As we know, one government does not tax another, so that a provincial crown corporation operating an airline, ostensibly, could escape federal income tax. My interest in this, of course, is the potash question in Saskatchewan. I would be interested in any response I could get in this particular field, since I think this question is going to be of growing importance insofar as profitable industry is being taken over by provincial governments and thus escaping federal income tax.

Senator Perrault: Honourable senators, I will include a reply to that question in the statement which I hope to make tomorrow. Honourable senators have correctly identified this as an important question of national policy. As a result of a verdict rendered by the Supreme Court yesterday, undoubtedly there will be some action taken by the government in the form of legislation, but a final decision has not been taken with respect to the nature of that legislation. I hope to make a fuller statement tomorrow.

Senator Flynn: May I suggest to the Leader of the Government that he might inquire, for the benefit of Senator Buckwold, about the difference between a crown corporation and a crown-owned private corporation.

Senator Smith (Colchester): I wonder, honourable senators, if I might trespass on the good nature of the Leader of the Government to ask whether he could include in his answer some indication as to whether there are any other regional airlines in the country in which provincial governments have a whole or partial ownership, other than Pacific Western.

Senator Perrault: Yes, I would be glad to undertake that inquiry. There are a number of regional air carriers with regard to which I understand provincial governments have expressed an interest in either obtaining some degree of ownership or total control. The principle involved here is a matter for considerable discussion and debate, I would suggest, among parliamentarians, not in terms of air carriers which operate solely within the borders of one province but in terms of, for example, an industry which serves more than one province but is controlled by only one province in that region. There must surely be some way in which the interests of all residents of any particular region can be protected, and that is the concern of the federal government.

CONFEDERATION

PROPOSED SPECIAL JOINT COMMITTEE TO EXAMINE MATTERS OF MUTUAL INTEREST TO ALL CANADIANS—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Cook calling the attention of the Senate to matters of interest concerning Labrador and also to the desirability of establishing a Special Joint Committee of the Senate and the House of Commons to examine matters of mutual interest to all Canadians whether they reside in Quebec or elsewhere in Canada.—(*Honourable Senator Langlois*).

Senator Langlois: Honourable senators, I yield to Senator Riley.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Daniel Riley: Honourable senators, I had not intended to speak at this particular moment on Senator Cook's inquiry, but probably this is the best opportunity, when the house has the time to listen, to express briefly my views in respect of the subject matter he has raised.

I would like first to congratulate Senator Cook on his able presentation on initiating the inquiry, and also Senator Carter on his spendid presentation last evening. I had the privilege of serving with Senator Carter in the other place many years ago, and I have long respected his opinion. I respect him even more after having listened to his contributions to the debates in this house.

I would also like to express my congratulations to Senator Marchand for the able manner in which he argued his case on his inquiry recently.

It was with great interest that I listened to Senator Desruisseaux last night, and I appreciate some of the points he raised. He questioned whether this was an opportune time to bring up the question of a possible separation of the province of Quebec from Canada. He also said that this might not be the proper time to introduce into this debate the question of the Newfoundlanders' concern regarding Labrador. While I am not entirely in accord with what Senator Desruisseaux said, I respect his sagacity and eloquence.

If my memory serves me correctly, the question of Labrador was not introduced by Senator Cook. It was brought up just after the November 15 Quebec election, and statements were made in the national media to the effect that a separated Quebec was going to look very closely at the question of Labrador.

As this is a subject which may become heated by statements which will be made by both Newfoundlanders and the odd group of separatists in the Province of Quebec, I think this is perhaps an opportune moment for Newfoundlanders to express their real concern about the possibility of future disputes over the Labrador boundaries. After all, it is part of the Province of Newfoundland-Labrador, and they have great plans for de-

veloping the resources of Labrador. Their concern is both vital and timely, and I think both Senator Cook and Senator Carter are to be highly commended for introducing this note into the debate.

I know that there will be further debates. There may be committees formed. The subject matter of this particular inquiry may not go to a committee. It may be that Senator Cook himself would agree that a better method of having a wider debate on this question, with a fuller presentation of the views of the honourable senators on both sides of the house, is to set up another committee with more general terms of reference, or even more specific terms of reference, so that all of us will have an opportunity to enter the debate. He has had at this time the temerity to raise the question in the Senate. If it accomplishes no other purpose, I believe he has caused honourable senators to think that perhaps, after all, we can, among ourselves on both sides of the house, determine if there is a better channel whereby we can engage in more prolonged and detailed debate on the subject.

● (1430)

Earlier this afternoon the Leader of the Opposition suggested something about my position in New Brunswick. He has a high regard for New Brunswick and its people, and I assume that to be because of his Irish background. Of course, not all Irishmen are as eloquent or—I was going to say—as loquacious as those who have had an injection of French-Canadian blood into their veins.

We in New Brunswick are naturally very much concerned about all this talk of separatism and the possibility of a small minority in the province of Quebec determining the destiny of Canada.

In New Brunswick there are about 265,000 Acadian people who are closely related to the French-speaking people of the province of Quebec, whose Acadian culture is closely related to the French-Canadian culture, whose problems are in many ways similar to those of the French-speaking people in our neighbouring province—or, perhaps I should say, those in the segregated sections of Quebec where the people think and talk in French. They have the French mentality and they do not understand the English-speaking people in the rest of Canada; they have not had the opportunity to make contact with them. They live in French, they believe they have rights as French Canadians, and they are concerned over the loss of their culture and their language, among other things.

In New Brunswick we have had many problems similar to those that have existed until recent years, to a large extent, in the province of Quebec. When our Acadian people were expelled back in 1775, they were mainly an unlettered race; there were a few storekeepers, a few traders, and so on, and they were pawns between England and France. Some of them escaped before they got to Louisiana; others fled to the woods and established settlements, and their progeny are the foundation of the Acadian race as we know and respect it today in New Brunswick, and in parts of Nova Scotia and Prince Edward Island.

I have said that there are 265,000 or more French-speaking Acadians in New Brunswick, and some honourable senators may be surprised to learn that they make up over 35 per cent of the population of the province. Up until about 1881, they were living mainly in the small farming communities and the small fishing villages. They were exploited intolerably by the merchants who, in our province, would be akin to what the separatists in Quebec call the "Englishocracy," and they had many reasons to gripe.

It was not long ago that an English-speaking person went to get a better knowledge of Acadians, and found that up until recently there were only a few French lawyers in the province of New Brunswick. There was one French dentist. Perhaps this was mainly due to the fact that they did not have the opportunities for education—technical education in particular. However, they have come a long way. As I have said before in the Senate, their schools were operated on the basis of how much money could be raised during a year to support a one-room schoolhouse, and they engaged teachers with whatever money they could raise, many of them being housewives who had never gone beyond grade 7 or grade 8 in school. But they were teaching our Acadian children. Now we have, under the equal opportunity program instituted by the former premier, Senator Robichaud, and his colleagues—of whom I had the good fortune to be one—equal opportunity for education in every nook and cranny of New Brunswick.

This has also happened in Quebec. When we have an opportunity to listen to some of the English-speaking bigots in Canada we realize that they have no knowledge of what the French-speaking people, particularly those in the rural and fishing areas, have suffered in Quebec. Many of these people do not realize how the French-speaking people on the coast and in the lumbering areas were exploited by what they termed, with some disdain, the "Englishocracy." This is a fact of life, and one of the reasons why English Canada should take a long, hard look at the problems which exist for the French Canadians, the French-speaking people in Canada, before adopting a red-neck attitude toward them.

I know it is difficult. It was also difficult in New Brunswick for the English-speaking people to accept the French fact, but they have accepted it there, and our two—well, Senator Asselin shakes his head. I know that there are pockets of bigots still in New Brunswick. We had a classic example of that in the last federal election. A man who comes from a city, approximately 25 per cent of which is made up of Acadian people, who won an election there through the people's vote, and his name probably will get into the Canadian lexicon one day.

However, as one who was brought up among the French-speaking people in the province of New Brunswick and who was partly educated by them, I say that we have wonderful educational institutions there at the present time. I am thinking particularly of the centre of Acadian development, the University of Moncton.

I live in a mainly English-speaking city, and I find that many of my neighbours, who had previously adopted what could be termed "a bigoted approach" to the Acadian people

who moved into the city, and who were skilled in the technical trades because of the teaching available to them in the technical institutes in the province, are now saying that we have bigots on our side. However, apart from those few bigots, I find that the English-speaking people of Saint John want their children to learn French and to be bilingual.

● (1440)

Previously, those who taught the French language in Saint John and in other English-speaking communities in New Brunswick were, basically, English-speaking people who had picked up a smattering of French from textbooks and received instruction in the French language from teachers whose mother tongue was English. These were the people who then came into our schools and tried to teach our children how to speak the French language. They could not pronounce the words; they did not know the grammar; they could not conjugate the verbs; they could not differentiate between the masculine and the feminine. As a result, our children through frustration took a dislike to French classes. They were not learning the French language.

What we are doing now is not designed to placate the French-speaking people in our area. Rather, it is a genuine effort on the part of the English-speaking people to have their children learn the other official language in what is now a bilingual province. We are putting French-speaking teachers in our classrooms starting at grade one, with the eventual aim of having instruction in the French language available right through high school.

The same thing applies in the province of Ontario where there are large numbers of French-speaking people. If the French-speaking people of the province of Quebec feel they are the only ones determined to maintain the French language and culture in Canada, let them look at Ontario, the western provinces, as well as the maritime provinces. There are French-speaking people throughout Canada who want to maintain their language and culture. There is a genuine effort under way in the maritime provinces, including Prince Edward Island, on the part of the English-speaking people who want to see the Acadian people maintain their language and culture.

There are small pockets of bigots on both sides. They are insignificant. Not only are they insignificant in number, but their minds are insignificant.

To cite one example, the New Brunswick Telephone Company a few years ago voluntarily printed its telephone directories in both languages. The direct dialing service was located in Saint John. This was at a time when I was chairman of the Public Utilities Commission. French-speaking people would call me up and enquire as to why they could not use the French language in trying to get a desired number. I checked to see how many complaints were being received in that respect, and they numbered about two or three a month. I traced one inquiry to its source, which was a lady in Fredericton. She was perfectly bilingual. She happened to get an operator who could not speak French, with the result that she raised quite a storm. Instead of being understanding and tolerant towards the efforts of the New Brunswick Telephone Company to create a bilingual system, she raised a storm. As it turned out, this particular individual was one of the best translators we had in Fredericton. In fact, she was used as such on many occasions by the then government of Premier Robichaud. That is intolerance. That is the bigotry on the other side.

There is no doubt in my mind, or in the minds of many other English-speaking people in Canada, that we can resolve our problems. We can resolve our problems through negotiation. It is not only a problem that exists in respect of the province of Quebec; rather, it is in the whole area of federal-provincial relations.

At one time I was also chairman of the Motor Carrier Board of the Province of New Brunswick, which is a quasi-judicial board. The federal government had been allowing the provinces to maintain jurisdiction over bus and truck transportation in the provinces until the *Winner* case, which originated in New Brunswick and concerned an American bus line that was coming into New Brunswick. That case went to the Judicial Committee of the Privy Council, which determined that the operation of buses and trucks on an interprovincial basis was solely within the federal jurisdiction. For years, the provinces had been issuing licences in this area. That is one of the cases where, in my opinion, the doctrine of *stare decisis* should not apply.

The federal government then brought in enabling legislation which allowed the provinces to issue licences to truckers and bus operators, allowing them to operate within the respective provinces and allowing them to travel interprovincially. In the case of New Brunswick, this meant licensing them to go into the provinces of Quebec and Nova Scotia and the State of Maine. The wording of the licences issued by the Province of New Brunswick was such that it allowed bus and truck operators to operate over certain or all highways within the province and, in the case of Quebec, to the province of Quebec "as authorized thereby", and to proceed into or through New Brunswick from other jurisdictions "as authorized thereby."

The federal government, instead of exercising its jurisdiction as determined by the *Winner* case, passed enabling legislation which permitted the provinces to continue to issue licences in respect of bus and truck operations. That is still the situation, to my knowledge, but it is clearly stated on the back of the licences that we do so by virtue of the federal legislation.

I cite that as an example of the way in which the provinces, through federal-provincial cooperation, can acquire jurisdiction over those matters which pertain to the provinces. It is the old question of "Render therefore unto Caesar the things which are Caesar's." There are certain matters of jurisdiction that should be determined rightfully by the provinces, and the federal government must be prepared to relinquish that jurisdiction to the provinces.

One thing that has always bothered me is the question of cablevision. Every time we raise the question of cablevision, we get hit with the Broadcasting Act. Does the Broadcasting Act govern the signal from Anik, or a signal from the atmosphere,

the ionosphere, or the stratosphere? How far does the Broadcasting Act enable the federal government to control the taking of a signal out of the air by provincial undertakings? Cablevision, to my mind, is a classic example. Taking as an example a town in the province of Quebec or a town in the province of New Brunswick, in both cases the signal is taken from the atmosphere. In the case of cablevision in New Brunswick, however, we take a signal which emanates from within the province—from a station, say, in Moncton, and Moncton takes a signal emanating from Saint John. It is all done by microwave within the province. Once that signal is transmitted into the cable which services the different homes and institutions, the different hotel rooms, and so on, in a particular area within the province, then the jurisdiction with respect of that signal, to my mind, belongs entirely to the province.

● (1450)

I read in the paper just recently that the Quebec government is ignoring, or intends to ignore, the forthcoming meeting on communications and I think that decision is mainly based on the controversy between the federal and provincial governments on cablevision. In my view Canada should give jurisdiction over cablevision to the provinces, and that applies whether it be Quebec, Alberta, British Columbia, New Brunswick or any other. I think one instance of where the provinces should have some measure of control over their own destinies is the transmission of signals by cablevision.

Honourable senators, I mentioned the question of transportation, but there are others. One of the questions that comes up every day in the newspaper is that of the use of both official languages in the air and on the ground so far as it concerns air transportation in the province of Quebec. I agree with the argument that the people of Quebec are entitled to the use of both languages at their airports, whether the airport be Montreal, Mirabel, Rimouski, or Grinstone in the Magdalen Islands, and I can only trace the dissension in this field to the fact that there is bigotry on the part of English-speaking pilots and air traffic controllers. Many of these pilots, as has been repeated time and time again, have gone to European and Asian airports. Somebody asked whether the Russians use English as the language of the air in respect of their own aircraft flying into their own airports, and I understood the answer to be no. The same thing applies in Belgium, France and many other countries including the Middle East.

I have touched only upon one or two matters, but as somebody who has lived among French-speaking people I can say that Quebec can easily remain within Confederation and still be given many of the rights demanded by the people of that province. In fact, I think they are entitled to many of those rights—and this applies not only to Quebec, but to all other provinces as well.

I hope to be able to enter into further debates on this subject as opportunities arise, honourable senators, but at the same time I want to repeat that I respect the views of Senator Cook and Senator Carter in raising the question of Labrador, because it is a question of vital concern to the people of Newfoundland-Labrador. I understand that the full and proper name is the province of Newfoundland-Labrador. I wanted to say these few words in the hope that they might spark some interest because when this question of separation arises, and becomes as important as it has now become, it bothers us in the province of New Brunswick. It bothers our French-speaking people, and because of their isolation the question arises in many minds: If Quebec should separate, where are we? We are a minority. We have many rights; in fact, we have practically all the rights we need as a minority in the province of New Brunswick, but will the English-speaking people in the other provinces, or the English-speaking people within our own province, ask, since Quebec has denied the language rights of the minority in that province, why should they do not the same thing?

With those few words, honourable senators, I thank you for your attention. I repeat that I hope to speak further on this subject at another time.

Senator Buckwold: Will the honourable senator permit a question?

Senator Riley: Certainly.

Senator Buckwold: The honourable senator glossed over the separatist appeal to the French-speaking minority in New Brunswick. I heard on one of the cross-country radio shows some weeks ago a man whom I recall being named the president of the separatist group in New Brunswick. He claimed that there was great support for his group among French-speaking New Brunswickers, and he certainly gave the impression of a very close affinity between this group and the Parti Québécois.

I wonder whether Senator Riley would care to enlighten me and other members of the Senate as to the strength of that particular organization, and its affiliation, if any, to the Parti Québécois.

Senator Riley: Perhaps Senator Robichaud, who is closer to the situation than I am, could answer that question. I understand he knows the leader of this group. For my own part, I would say that it is a group without any great influence, and it is a group that will never achieve any significant strength in the province of New Brunswick, or anywhere in the maritime provinces for that matter.

I would say that within the compass of my knowledge of the province of New Brunswick we have nothing more than a few dissident people who liken themselves to the separatists in Quebec, but I think one of this particular group said recently that they had had no contact with, and no approaches from, the Pequiste Government of Quebec. In my view, the separatist movement as it is in the province of New Brunswick can be likened to a small pebble that has been thrown into a big pond. It has not caused any great ripple among the French-speaking people.

Our Acadian people embrace, and will continue to embrace, the concept of complete unity within Confederation.

On motion of Senator Petten, debate adjourned.

NOTICE OF COMMITTEE MEETINGS

Senator Langlois: Honourable senators, before the house adjourns I should like to remind you that there are two committee meetings scheduled for 3.30 this afternoon, or when the Senate rises. The Special Senate Committee on Science Policy will meet in room 356-S, and the Standing Senate Committee on Agriculture will meet in room 256-S.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 24, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report on operations under the Regional Development Incentives Act for the month of November 1976, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of operations under the Fisheries Improvement Loans Act for the fiscal year ended March 31, 1976, pursuant to section 12(2) of the said Act, Chapter F-22, R.S.C., 1970.

CUSTOMS TARIFF

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, February 24, 1977

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill C-15, intituled: "An Act to amend the Customs Tariff" has, in obedience to the order of reference of Thursday, February 3, 1977, examined the said Bill. In the course of such examination it appeared that tariff item 69605-1, in Schedule III of Bill C-15, does not reflect the intention of the Minister in bringing forward such proposed legislation.

The intention of the original wording of tariff item 69605-1 was considerably broadened by a decision of the Tariff Board in July 1976 and the purpose of the revised wording of the item, as set out in Bill C-15, is to restore the original intent of the tariff item. However, it appears instead that the new wording of the tariff item in Bill C-15 has the effect of narrowing that meaning considerably and does not provide the coverage and the free entry for the items covered thereby that Parliament intended.

In order, therefore, to restore the original meaning, effective at the earliest possible date, when the importation of goods might be adversely affected administratively by requiring payment of duty that was not intended, the Minister of Finance appearing before the Committee proposed that an Order in Council be passed, effective as and from October 14, 1976, under the provisions of Section 17 of the *Financial Administration Act* (R.S.C. 1970, Chapter F-10), and that such Order in Council would be in force when importations are made by those entitled to the benefit of duty free entry of such goods.

This proposed Order in Council would, therefore, have a blanket effect in relation to all scientific preparations covered by tariff item 69605-1 and the wording of the Remission Order would be as follows:

SHORT TITLE

1. This Order may be cited as the *Scientific Preparations Remission Order.*

REMISSION

2. (1) Remission is hereby granted of the customs duty paid or payable under the *Customs Tariff* on scientific preparations including their containers, imported into Canada on or after October 14, 1976, by or for a society or institution qualified to use the provisions of tariff item 69605-1 of the said Act, for use directly in teaching, research or medical diagnosis.

(2) Remission is hereby granted of the sales tax paid or payable under the *Excise Tax Act* on scientific preparations, including their containers

(a) sold on or after October 14, 1976, to a society or institution referred to in subsection (1), or

(b) imported into Canada on or after October 14, 1976, by or for a society or institution referred to in subsection (1),

for use directly in teaching, research or medical diagnosis.

In addition, the Minister of Finance gave to this Committee an undertaking to put in statutory form the provisions of this Remission Order at the next session of Parliament. Since it appears that such procedures by way of a Remission Order and the subsequent enactment of legislation that would substantially reflect the terms of the Order in Council would provide effective duty free entry for the items proposed to be covered, your Committee accordingly reports the Bill without amendment.

Respectfully submitted,

SALTER A. HAYDEN
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Hayden: Honourable senators, since there are some unusual features in the report, with the consent of the Senate I should like to make a short explanation.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hayden: This report deals with one particular tariff item which covers certain importations in relation to research. The ones who are particularly concerned by this item are universities engaged in research, teaching hospitals, and the like. This tariff item has been in the law for some years, but in July of last year the Tariff Board, broadened the scope of importations which could enjoy duty-free status. It was not the intention that there should be such a broadening, and item 69605-1 in schedule III of the bill was intended to restore the original meaning of the original tariff item but, whatever the reason, the meaning ended up by being too narrow.

The approach then went from a broadening influence to too narrow an influence, the effect of which was that people in the categories I have described, to whom it was intended to give this duty-free status, were being penalized. The question then was, "How do you deal with this?" Obviously, of course, it could be dealt with by amendment, but that is a sort of delaying process, or very well might be. So we developed a two-pronged approach. The first approach, which is referred to in the report of the committee, is the use of section 17 of the Financial Administration Act, which provides for remission of duty. That section would permit a blanket order in council in respect of the remission of duty. The language of section 17 of the Financial Administration Act is such that an order in council could be passed before, after, or pending the situations that involve the application to import particular items.

● (1410)

We got from the minister this morning a copy of his proposed remission order. It is part of the report of the committee. That order in council will be enacted as soon as this bill becomes law.

Then there was the broader situation to be covered, that being to put the subject matter of this tariff item back into the statute law under the Customs Tariff. So, we received a further undertaking from the Minister of Finance this morning that at the next session of Parliament he will introduce an amendment in line with the substance of the remission order, thereby enabling us to report the bill without amendment. In the circumstances, it seemed to members of the committee that there was a good case made for giving immediate relief by order in council because duties commenced being assessed against people who were never intended by the original legislation to be subject to these orders on October 14, 1976.

It was the view of the committee that we should not insist on an amendment, or in any way delay the coming into force of this measure, and that is why you have the report in the form in which it is.

Senator Forsey: Honourable senators, I wonder if I might ask Senator Hayden a question?

Under which particular subsection of section 17 of the Financial Administration Act is this order in council being passed, and are you confident that the retroactive effect is valid under the statute?

Senator Hayden: I appreciate my friend's position. I expected that I would be asked some questions in this respect. All I can say is that there is statutory authority for creating a remission of duty, and that statutory authority permits it to be done by order in council, and an order in council that is passed before there is any importation.

I am not one to challenge the statutory authority, and I doubt if even the range of investigation of my friend's committee extends that far. His committee can look at it, it can challenge it, but there are two reasons for not effectively challenging that authority, the first one being that the cause is worthy, and the second being that the statute is very clearly worded.

Senator Forsey: I merely want the assurance of the honourable and learned senator on this point. In the Statutory Instruments Committee's report, it may be recalled, we suggested that it was well for members of both houses to examine rather carefully the proceedings on legislation when it was before Parliament to see that undue use was not made of powers.

I wanted to be quite sure that in the honourable senator's opinion the apparent retroactive effect of this order is perfectly valid under the statute. Apparently he is convinced of that, so I have no further questions to ask.

Senator Hayden: Honourable senators, I should tell you that later this afternoon I may have to ask the Senate to revert to Reports of Committees, because I expect to have a report shortly on Bill C-22.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Is the Honourable Senator Benidickson moving third reading of the bill?

Senator Flynn: As the first order.

Senator Benidickson: Honourable senators, I am the sponsor of this bill. While I am not a member of the Banking, Trade and Commerce Committee, I did attend its sittings. I have confidence, having regard to the well-known legal competence of the chairman, in his willingness to accept this order in council, which is promised after the bill passes, in satisfaction of the question raised by Senator Hicks during the debate on second reading. I think he said at that time there were probably imports to the value of $35 million under this item, and most of them would be for research institutions, particularly universities. Naturally, some of us, including myself, were concerned about it.

Senator Hicks also emphasized that these institutions were largely funded and subsidized by government, both provincial and federal. Therefore, if there were an extra impost or tariff, it would be paid by government.

I think the solution arrived at with the Minister of Finance this morning, at the meeting of the Banking, Trade and Commerce Committee and under the chairman's guidance, is satisfactory.

Honourable senators, I move, with leave, that this bill be placed on the Orders of the Day for third reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, February 24, 1977.

The Standing Senate Committee on Banking, Trade and Commerce, by resolution of the Senate on November 16, 1976 was authorized to examine and report upon the subject-matter of Bill C-22 intituled "An Act to amend the statute law relating to income tax" in advance of the said Bill coming before the Senate.

In accordance with the Order of Reference, your Committee presented its report to the Senate on Thursday, December 9, 1976.

The Bill was read a second time on February 16, 1977 and referred to your Committee.

Your Committee has heard the Honourable Donald S. Macdonald, Minister of Finance, and the Honourable Monique Bégin, Minister of National Revenue.

For the reasons appearing in the above recitals, your Committee now reports as follows:

In its report of December 9, 1976, your Committee noted that clause 61(1) of the Bill, as drafted, did not have the desired result, namely to give the taxpayer the right to appeal a "nil" assessment. The desired result was not obtained because the Minister was still not obliged, notwithstanding clause 61(1), to determine the amount of a taxpayer's loss. The Minister of National Revenue and her officials described to your Committee the difficulties they would have to determine all taxpayers' losses.

The Minister of National Revenue, recognizing your Committee's concern, has undertaken as follows.

"Where my Department has determined the amount of a taxpayer's loss, and that amount differs from the loss reported by the taxpayer, our official determination of the loss will be issued when the taxpayer requests it. This will allow the taxpayer to appeal the determination immediately in all cases where he wishes to do so. My Department will be publishing information to taxpayers to explain how they may obtain a loss determination."

Furthermore, the Minister of Finance undertook to introduce an amendment to the *Income Tax Act* substantially incorporating the aforesaid undertaking of his colleague in a manner satisfactory to her.

In its report to the Senate on December 9, 1976, your Committee noted the retroactive effect of clause 42(1) of the Bill which would prevent taxpayers living with their spouses from claiming the higher deduction equivalent to the marriage deduction for dependants when it was the intent of the Act that they only be entitled to a lesser deduction. Your Committee was concerned with the adverse retroactive effect on some taxpayers. Your Committee understands from Department officials that very few taxpayers will be adversely affected. Furthermore, an appeal is now before the Federal Court which may deny the taxpayers this right. While your Committee feels this clause would constitute a dangerous precedent, it will not insist on its removal on the understanding that your Committee will not be bound in any way to accept, in the future, retroactive amendments which may adversely affect the taxpayer. Clause 42(1) of the Bill was approved by a majority of your Committee without amendment.

In its report of December 9, 1976, your Committee felt that clause 75 of the Bill amending Section 234 of the Act and requiring resident individuals to insert their Social Insurance Numbers on ownership certificates would constitute an improper use of taxpayers' Social Insurance Numbers. The Minister of Finance has undertaken to review and report on the operation of this clause no later than April 30, 1979, and present the Senate with the opportunity to discuss his report and review its conclusions.

It was agreed by a majority that the Committee report the bill without amendment to clause 75.

Your Committee notes the amendment made to paragraph 212 (14)(c) of the Act by the House of Commons in conformity with a recommendation made by your Committee in its Report to the Senate on December 9, 1976.

For the reasons above stated the Committee now reports the Bill without amendment.

Respectfully submitted,

SALTER A. HAYDEN
Chairman

• (1420)

Senator Hayden: Honourable senators, may I have leave to explain this report?

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Senator Hayden: Honourable senators, this report deals with income tax amendments. You will recall that the Senate referred the subject matter of this income tax bill to the Standing Senate Committee on Banking, Trade and Commerce in November 1976, and the committee tabled a report in this chamber on December 9, 1976, in which it dealt with

certain points and made certain recommendations in relation to the bill.

Later the bill came to the Senate in the ordinary way, and, after debate, was referred to the Standing Senate Committee on Banking, Trade and Commerce for examination and report.

In the course of our examination we compared the recommendations we had made in our earlier report with the provisions of the bill as it came to us, and we found that in a number of cases the bill did not reflect our recommendations.

When the Minister of Finance and the Minister of National Revenue were before us we enquired as to the whys and wherefors for not accepting the recommendations. There were possibly three recommendations on which we stated our view, but which they did not accept, and which are dealt with in this report. Also, we made one important recommendation in relation to charities which they did accept on third reading in the Commons.

The first of the three items is one I discussed in this chamber as a result of a statement by Senator Flynn. I spoke about the nil assessment. I explained what a nil assessment is. A nil assessment exists when a taxpayer files a tax return that shows a loss, because the most expeditious way the department has of dealing with that is simply to make a nil assessment. This means that there is no tax payable. But that is not final in any sense, because it is still subject to investigation and checking.

The difficulty that arose was that the courts, even the Supreme Court of Canada, have ruled that a nil assessment is not an appealable assessment. Therefore, there would be no way by which the taxpayer could get to the root of his problem if he had income in the previous year or four or five years, or income going forward four or five years, because he would not have his losses established. Now, it was the department itself that proposed this amendment in the bill in order to negate the effect of the decisions in the courts.

However, as we saw in committee, the amendments they proposed did not go far enough. One of the amendments was that the minister "may determine the losses." Our thinking was that if the minister is not obliged to determine the losses but just "may determine" them, then, if he does not determine them, up until that time you are simply under the authority of the existing law and you do not have an appealable assessment.

We proposed, therefore, some change in that, and as a result I had, before the committee met, a communication from the Minister of National Revenue expressing appreciation for the point, which I think is understandable because basically it was an amendment proposed by the Minister of Finance, the administration of which would be handled by the Minister of Revenue. Therefore, in essence, it was their amendment.

The Minister of Revenue gave us the interpretation she would apply to this, and this is the language she used:

> Where my Department has determined the amount of a taxpayer's loss, and that amount differs from the loss reported by the taxpayer, our official determination of the loss will be issued when the taxpayer requests it. This will allow the taxpayer to appeal the determination immediately in all cases where he wishes to do so. My Department will be publishing information to taxpayers to explain how they may obtain a loss determination.

● (1430)

This was the immediate procedure to make available, under these terms of interpretation, facilities for appealing an assessment in order to determine the loss.

In our meeting, at which both the Minister of Finance and the Minister of National Revenue were present, we secured an undertaking from the Minister of National Revenue that this interpretation would be applied immediately, and would be fully publicized as a matter of interpretation so that taxpayers would know their position.

Then, from the Minister of Finance, we obtained an undertaking that he would, at the next session of Parliament, implement the interpretation as substantially as can be done, and, of course, with the approval of the Minister of National Revenue. It is difficult for me to see any risk in accepting such a qualification because, after all, the amendment is a product of the Minister of Finance and the Minister of National Revenue.

Therefore, we saw no reason for insisting on amending the bill, since there are some excellent relieving sections which benefit taxpayers. The introduction of an amendment to the bill would throw the proceedings beyond March 1, that being the deadline for those who are self-employed, and who have created their own registered retirement savings plans—generally called RRSPs—to make their contributions. March 1 is within 60 days of the beginning of their taxation year. If they do not make their contribution for the current year by next Tuesday, they will have missed a year and there is no way in which they can recover. Therefore, there was an urgency in respect of moving the bill along. That is only one of many relieving sections in the bill.

Another item dealt with retroactivity. The thinking of the committee has always been that if there is something retroactive in income tax legislation that is beneficial to the taxpayer the committee will support it without question; but if it is adverse to the taxpayer, the committee will scrutinize it very carefully, and it usually ends up objecting, and sometimes even insisting on changes or undertakings to make changes.

In this case, we were faced with a problem. If we look at the substance of the problem, it is not too difficult to rationalize the waiving of our insistence on doing away with the provision dealing with retroactivity. The bill proposes that it should be effective from the year 1975 onward, so the retroactive effect is from 1975.

The provision deals with deductions which a husband would be entitled to make in certain circumstances where—perhaps because his wife has income—he is not entitled to take the allowance which he would otherwise receive because of the fact that he is married. There was a provision in the same section of the bill which gave the husband the right to deduct an amount equivalent to that of his wife's deduction, which he

could take on behalf of his dependents, yet elsewhere in the bill the deduction that a father may make for dependants is a more limited amount.

The department felt therefore that while there was a defect, or deficiency—and undoubtedly they had created it—no one appeared to have tumbled to the situation. There may be a few appeals pending, but very few such returns are filed. They decided that any publicity in connection with this might alert a number of people who up to this moment have not been aware of the provision, and of what I might call the windfall which they might be able to develop.

While I would say it was not thought to be in the most meritorious of taste, the language was changed by an amendment and made effective to 1975 and 1976 in order to destroy what someone has called "an anomaly." Perhaps I should be frank and say that it was a defect or a deficiency. It was never intended. Therefore, we had to rationalize for ourselves our well-known principle of not wanting to support anything that was adverse and retroactive with the things that might be said in favour of this particular application of retroactivity.

The majority of committee members decided that they would not insist on their recommendation that this retroactivity be taken out of the bill, and that the committee would assert, which it has done in its report, that it is not a precedent and does not tie its hands or change its attitude on the subject of retroactivity on any future occasion.

A special item was the use of social insurance numbers. People have been taking to the bank coupons attached to bonds, debentures and some stock, and cashing them. They sign a certificate, or something, to the effect that they are the owner.

It was felt that there were several opportunities for fraud, for theft of bonds, with the bearer of the coupons cashing them at the bank and there being no record of whether persons were evading tax by not declaring their full income. The department required the provision as machinery for keeping a closer tab on the situation regarding the bearers of coupons.

The bill provides that the bank, which is the payor of these bearer coupons, will be obligated to compel the payee, the person cashing the coupons, to put his social security number on the certificate. If he does not do so, the bank is obligated to deduct 25 per cent of the amount, to withhold it and to remit it.

The committee thought, and said so in its report, that this was an unusual and unintended use of the social security number. Perhaps there are uses to which it could be put and has not yet been put, but which would be commendable and perhaps desirable. However, it was felt that this was not one of them. After developing the question further it seemed that there may be some advantage here. It may assist in opening up avenues where there has been a practice of using bearer coupons and other bearer instruments to obtain money that cannot be traced.

• (1440)

So, this morning we heard the Minister of National Finance. There was full discussion, and some opposition in principle to making such use of the social insurance number. Finally, a majority came to the conclusion that we should allow it to go on a basis of trial and error. It was finally decided that on or before April 30, 1979 the minister is to prepare a report and submit it to the Senate as to the result of the monitoring of these cashings of coupons under the new law and to ascertain the result in order to see whether this provision has produced worthwhile disclosures of evasion of tax. As was pointed out to him, we, of course, have the right at all times, if we consider the monitoring does not justify the continuance of this provision, to insist that it be removed. With respect to income tax bills, of which we can assume there will be one each year, we can refuse to pass certain sections until we are given the right to attack particular elements.

Those are the main features of the bill. I did mention the one very important item, dealing with charities, with respect to which we made a recommendation which was accepted. So, all in all, the report contains the best consideration that the committee could give to both the subject matter and the bill itself. We received excellent cooperation from the two ministers, and this is the best we can do.

Senator Grosart: Honourable senators, once again we have heard an excellent explanation of a report of the Standing Senate Committee on Banking, Trade and Commerce by Senator Hayden. Personally, I found this one to be extremely interesting. That applies, also, of course, to the report presented to us a little earlier by Senator Hayden. Listening to that report, it occurred to me that we have now instituted in the Senate what might be termed the Hayden formula No. 3. I will not take the time of the Senate to describe Hayden formulas No. 1 and No. 2. However, formula No. 3 now seems to be recourse to certain sections of the Financial Administration Act to expedite the passage of a bill without undue delay.

In the report now before us we have the statement over and over again with respect to the three main points raised by the committee that the minister, or ministers, have undertaken either to make amendments or to reconsider or review the operation of the sections which the committee questioned. I personally cannot complain about this method of, essentially, making changes in proposed legislation without actually sending the legislation back to the House of Commons for reconsideration, although in these cases in which there have been undertakings by the ministers there would probably be little additional debate in the other place, because the amendments would normally be introduced by the appropriate minister following the suggestions of the Senate committee.

However, one thing always concerns me. The Senate never gets the credit it should when it amends legislation in the manner in which we will be doing, in effect, when we accept this report and pass the bill consequential upon the undertakings given in the report. As I have looked over the history of assessments of the Senate, its work and its contribution to the public interest, I have noticed that academics, at least, almost

invariably start by totalling the number of amendments the Senate has made to bills. Now, because we have had these very successful Hayden formulas, we are not receiving that credit. I am not for one minute suggesting that in all cases I would have liked to have seen the committee actually amend bills, although in more cases than the committee in its wisdom has decided I would have liked to have seen that done, if only for the reason I have just indicated.

There is no question that the committee and the chairman are satisfied with the undertakings that have been given, although some of the undertakings seem rather strange. One is an undertaking by one minister to honour the undertaking given by another minister, which seems like a slightly roundabout way of doing it. On the other hand, there is no question that the use of this type of procedure by the committee and as recommended to the Senate does expedite legislation. I for one feel that we should never apologize too much if the purpose is to expedite legislation. In one particular case here, of course, we know that there is a very important deadline, and failure to meet it would affect the public and private interest of many citizens.

I was interested in the consideration given by the committee to the question of the use of social insurance numbers. The committee has made it clear that the particular use suggested here is, I believe the phrase was "an improper use." This of course, reflects the fear of many Canadians that social insurance numbers will in time introduce some aspects of a police state in Canada. I know that distinguished Canadians, distinguished parliamentarians, have expressed that fear on many occasions. It is not one that I particularly share, because I have always felt that most Canadians would not object to being given a number which would be their identification number for all purposes. However, I can understand the concern of the committee in this regard, because in this case the suggestion was that failure to produce a social insurance number would make payment by the bank subject to a discount. I can understand that this does introduce an element—

Senator Hayden: Or a fingerprint.

Senator Grosart: Or a fingerprint. I can understand that this does introduce an element of impropriety into the particular use. There seems to me to be considerable evidence that these social insurance numbers are being used in many ways certainly not contemplated by the original legislation which introduced them. I am told, for example, that one of the methods by which attempts are made to prevent people seeking employment to which they are not entitled—and I am now referring to non-Canadian citizens who are in Canada but are not entitled to work and earn remuneration here—is the use of these numbers. Apparently, they are being used very successfully in this area, and again I say that I have no objection to this, because obviously if there is not some obligation placed on an employer then he has no incentive whatever to examine the legal employability of somebody who comes seeking employment from him. The employer is required to report certain deductions from salary or wages paid, such as Canada pension plan contributions, unemployment insurance premiums, old age security premiums, and so forth, and here the social security numbers appear to be used at the moment very successfully. I repeat, however, that I understand that the committee's objection in this particular case is in a rather different category.

● (1450)

Senator Hayden, in presenting the report, used some very strong language. I was glad to hear him use the phrase, "insisting on changes." I would hope that it will be made clear to our colleagues in the other place, and to the public of Canada, that in refraining from actually holding up the passage of legislation by these devices—and I do not use the word in a prejorative sense at all—the Senate should not be assumed to be reluctant to amend legislation in this chamber and send it back to the other. In fact, I believe that if we can find legitimate cases for amending legislation—and most of such legitimate cases would flow from the wisdom of the Standing Senate Committee on Banking, Trade and Commerce—we should not shy away from doing so, since while it is one thing for a minister to give an undertaking which may or may not result in an amendment, which may merely be in the area of the administration or regulations, or merely an undertaking to interpret a clause or a section in a certain way, this is not, from the point of view of the Senate, quite the same thing as an amendment coming from this chamber and going to the other in circumstances in which we are not unnecessarily holding up the passage of legislation.

I commend the committee and the chairman for a report which has very extensively covered, in connection with Bill C-22, a number of what I consider to be very important points.

Senator Benidickson: Honourable senators, I would like to say a few words at this time because I assume that in view of the long delay in passing this bill, which concerns a great number of taxpayers, particularly with regard to the RRSP field, there will be a request to waive the normal rules and have third reading today. I sometimes am inclined to oppose this, but I would not do so today.

I do want to point out, however, that this is just part two of a very important and exhaustive Senate study of this income tax amendment legislation. Therefore, I want to go back to the report under the Hayden formula, the study of some consequence that was made last year in the knowledge that this bill would come before us. I refer to the report of the Standing Senate Committee on Banking, Trade and Commerce which was tabled on December 9, 1976. A couple of references have been made this afternoon to December 8, but as far as I know the report was tabled on December 9.

As I did in committee this morning, I should like to refer to a couple of what I consider to be important subjects which were studied by the committee last year and are referred to in the report of the committee, which appeared as an appendix to the *Debates of the Senate* on December 9, 1976. The first is dealt with on pages 213 and 214 of *Hansard* under the heading "Deferred Compensation Plans."

I think all of us have had some representations from the Consumers' Association of Canada in connection with some inflexibility that exists in the RRSPs setup, and the obligation to obtain annuities, probably from a narrow source. I now read from the report, as it appears on page 213 of *Hansard*:

> With respect to registered pension plans and registered retirement savings plans (RRSPs), your committee is concerned with the inflexibility inherent upon maturity of such plans.

Later on the same page it says:

> While the committee recognizes the problems caused by this inflexibility, it is also aware of the advantages.

It goes on to say, again about these undertakings, the following:

> The Minister of Finance is undertaking further study of the inflexibility that appears at maturity of a plan.

Though not a voting member of the committee, when we had the pleasure of the presence of the Minister of Finance this morning I raised the question of whether, between December 9 and now, more than two months later, he had had an opportunity to review our committee's report and come to any further conclusion with respect to this particular point. I appreciate that in view of the pressure of other matters he may not have had an adequate answer to offer today, but the question was raised, and I also want to raise it here in the Senate.

I know that we may not have an opportunity of seeing, with only a day's notice, the written report of the committee, and I am not quite certain what the chairman reported with respect to charities and foundations. This was raised at the meeting this morning, and I would like to quote from the report as it appears on page 214 of *Hansard*.

> It is therefore suggested that the bill be amended to oblige private foundations to distribute only the lesser of fair market value of such assets and their cost base.

In presenting his report, the chairman said something about charities and foundations, but I was not clear what he said. Was this dealt with or an amendment made in the House of Commons?

In any event, I want to point out again an old gripe that I have. At public expense we had this morning a reprinting of the 113 pages, I believe it is, of this bill as passed by the House of Commons. There were, as usual, blank right-hand pages. To my knowledge there were quite a number of amendments made in the House of Commons between the first and third reading stages.

Senator Hayden: There were seven or eight amendments. If that be "quite a number", then it is quite a number.

Senator Benidickson: Okay, but no notice is ever given to senators. Our Law Clerk does not provide senators with explanations as to amendments made in the House of Commons. It is true that we have in our desks the first reading version of a bill which indicates the proposed changes from the statute as the law now stands, and one can see what is proposed by way of amendment. However, when we come to committee consideration, or final consideration of a bill in the Senate, we are not provided with explanatory notes. As I have said on previous occasions, usually it would take only 15 minutes for our Law Clerk, with scissors and paste, to provide us with explanatory notes. This information would assist us greatly in our deliberations.

• (1500)

Senator Hayden: Honourable senators, I expected my honourable friend to make remarks along the lines he has. The answer strikes me as being a very simple one. So far as the Senate or its committees are concerned, we are provided with first and second reading versions of bills, which contain all explanatory notes. This was the case with Bill C-22. In addition, in committee we had *Hansard* of the other place. Honourable senators need only to read that material to ascertain the nature of the amendments. I read through all that material and found the minister's explanations to be excellent. They were clear and understandable.

The only area of difficulty would have been in obtaining those amendments which were made to the bill during the course of debate on third reading after closure had been invoked. The House of Commons *Hansard* made no direct reference to the section that was amended. Apparently, that is a procedure that is permissible. In other records, however, the amendments were available, and the amendments were available to us in committee.

As to explanatory notes in bills as passed by the House of Commons, that is something which is entirely within the province of the other place. I do not think we can order them to provide such explanatory notes.

It is a question of whether the Senate should at any stage provide its own explanatory notes. Such explanatory notes are provided on House of Commons bills on first and second reading, with the result that Senate committees have such explanatory notes before them when they are considering the subject matter of a given bill. In those circumstances, the explanatory notes are before committees of the Senate while debate is progressing in the other place and before there is any finality there.

If honourable senators are of the view that they should have these explanatory notes before a bill is considered in the Senate, that is fine. If honourable senators feel that our Law Clerk should have that additional responsibility, that is fine, but if that were ordered I think we would need to engage at least one additional law clerk.

Senator Benidickson: It would require a mere 15 minutes of his time with a pair of scissors and some paste.

Senator Hayden: I agree fully that if one has some difficulty in getting answers, it tends to lead one to adopt the attitude, "Well, I have tried and I cannot get it. Perhaps by the time I do get it, it will be too late for me to do anything effective about it." But you cannot blame your committees for that. As Chairman of the Banking, Trade and Commerce Committee, I supply members of the committee with all material which I

think will be of assistance, including newspaper clippings, publications, comments, and so forth. This is distributed to every member of the committee. I endeavour to keep committee members as well informed as possible, with good results.

Senator Benidickson: Honourable senators, I should like to reply to my honourable friend's remarks.

Like everyone else, I admire the work of the Chairman of the Banking, Trade and Commerce Committee, Senator Hayden. However, he does not seem to be aware that only he and I, and perhaps one or two others, had before us during the committee consideration of this bill this morning a copy of the bill on first reading, a copy of the ways and means motion, and a copy of the amendments made by the other place between first reading and third reading stages. It would seem that I was provided with these items because our Law Clerk knows that it is a point of gripe with me if I do not have that information before going to a committee.

Senator Grosart: Perhaps the Leader of the Government would consider referring this matter to the Rules Committee, or whatever the appropriate committee might be, for consideration. As a layman, I appreciate the difficulties that Senator Benidickson and perhaps others have in this connection. I am delighted to discover that such a distinguished lawyer as Senator Benidickson meets the same problems which I run across from time to time.

I appreciate Senator Hayden's comment that it is not a matter for his committee, but rather a matter for the Senate as a whole to decide. At first glance, the easy solution appears to be to provide each senator with a copy of the bill as introduced on first reading in the other place. That, of course, would be misleading. There would have to be a note indicating that the explanatory notes are applicable to the bill as read the first time but not as amended. In those circumstances, honourable senators may be misled by the notes added at the first reading stage by the draftsmen who, it should always be remembered, are merely draftsmen.

I think this is an important and interesting question, and one which should be referred to the appropriate committee for consideration. It would be helpful to lay persons such as myself if we could be advised, not only in committee but in the Senate itself, as to exactly what has happened to a bill since it received first reading.

This is a matter which has been discussed previously. There is also the question of what authority such notes or comments might have if the Senate took it on itself to provide these explanations.

Senator Perrault: Honourable senators, I can advise the Senate that this question was considered again only this week. Certainly, there is no objection from the government to having this matter referred for study and recommendation by an appropriate committee. It may not require a formal initiative in the form of a motion. If it seems to be the consensus of honourable senators that a problem does exist, then one of our committees should look into that problem. I will certainly undertake an initiative in that respect.

Senator Forsey: Honourable senators, I have one question that I should like to ask arising, doubtless, out of my sheer ignorance of the matter, and two very brief comments. If Senator Hayden could delay his departure for just a moment, I should like to ask one very simple and, I fear, ignorant question.

• (1510)

Under clause 61, what I am a little puzzled about is whether, if the taxpayer now gets the consideration which has been promised, there will still be a nil assessment and, if so, whether this will be appealable in the view of the courts? Perhaps I should repeat the question, in case the honourable senator didn't get it. Clause 61, with the undertaking that presumably—

Senator Hayden: I had disconnected my earphone.

Senator Forsey: With the undertaking which has been given, would there be a nil assessment and, if so, would that be appealable in the view of the courts? That is my question.

Senator Hayden: A nil assessment by a court as high as the Supreme Court of Canada has been held not to be an appealable assessment.

Senator Forsey: I understand that.

Senator Hayden: Having ruled that, it means that you cannot move anywhere in relation to a nil assessment. Therefore, you have to convert it into the form of assessment that is appealable, and, therefore, you have to get an official determination of losses from the department because in the first instance, as you know, when you file an income tax return, it is a self-serving document. Some people misconstrue that, and make it too self-serving. In the first instance, it is a self-serving document. The department will make what we call a "quickie" assessment. That does not bind them in any way. You do not have any rights in connection with the "quickie" assessment; they come only when you get a formal assessment.

The only kind of formal assessment you can get from the department, when you have a nil assessment, will be an official determination of losses.You may say you have a loss, but if the department can confirm a profit or income that will eat up the losses and leave something more, then, of course, the nil assessment disappears and there is an appealable situation because there is a full-fledged assessment. If the department simply accepts your statement of loss, then you are locked in, until possibly the next year when, if you have income, you attempt to carry that loss forward. But if you go for two or three years without income, and then try to carry the loss forward, you face a very difficult situation.

Do not forget that this was a recognition by the department and by the government, that a nil assessment was not something that the taxpayer should be continually faced with. There should be a determination. They tried to stultify the Supreme Court of Canada judgment but, in our opinion, they did not do a good job.

Senator Forsey: If I may be allowed, honourable senator, I think I understood all that. But what I am trying to get at is,

will the undertaking which has been given mean that the taxpayer, in this difficult situation, will now have something that is appealable, or will he still faced officially with nothing but a nil assessment, plus a determination which the courts will not recognize? I simply want to get that clear. Will he now, under this undertaking, be able to take his case to the courts if he has to?

Senator Hayden: The undertaking, in the first instance, was on the matter of the interpretation that would be applied. The interpretation that becomes effective right away, and the public, generally, will be notified of it, brings it to an official determination of losses.

Senator Forsey: Which will be recognized by the courts?

Senator Hayden: I beg your pardon?

Senator Forsey: Which will be recognized by the courts, will it?

Senator Hayden: Yes.

Senator Forsey: That's all I wanted to find out. Thank you.

Senator Hayden: At that stage it is an assessment.

Senator Forsey: That was my question.

My two comments are, first of all, in connection with, I think it is, clause 42, the committee says, in effect, that this is not to be regarded as a precedent. I am afraid I am not very much impressed by that because I have too vivid a recollection of the number of times that the Senate has amended a money bill, and the House of Commons has accepted the amendment always with the pious addendum that this is not to be drawn into precedent, and it goes right on being done. It is in fact regarded as a precedent and this addendum is "words and breath and of no force to oblige a man at all," as Thomas Hobbes said.

My other comment is on clause 75. I am very sorry to find the committee backed water on this, and I must confess the inducement which was given them to back water startles me, because it appears to be merely an undertaking by the minister to produce some information before some day or other in 1979, which seems to me rather a long way off. Had I been a member of the committee, I should have protested vigorously against this. Had I even been able to attend this morning at the meetings of the committee, which I was not because I was presiding over another committee, I should have made my protest simply as a non-member attending the sittings of the committee. I regret very much that this improper use of the social insurance number, as the committee itself earlier called it, has been allowed to stand with merely this sop from the minister, promising certain information roughly two years hence. This seems to me altogether inadequate.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Cook: Honourable senators, I move, with leave, that this bill be placed on the Orders of the Day for third reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE AUTHORIZED TO MEET DURING ADJOURNMENTS OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

That the Standing Joint Committee on the Library of Parliament have power to sit during adjournments of the Senate; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

QUESTION PERIOD

TRANSPORTATION—NATIONAL SYMBOLS—QUESTIONS ANSWERED

Senator Perrault: Honourable senators, I gave a commitment yesterday that I would provide some information with respect to the Supreme Court ruling in response to an appeal taken by the Province of Alberta in connection with Pacific Western Airlines.

I will be quite brief. I can report to honourable senators that legislation is presently being prepared which will deal with the question of provincial control of regional airlines. I have been advised by the office of the Minister of Transport that it is not anticipated that the legislation under preparation will contain any retroactive provisions.

I have been advised further that meetings have been held between the President of Pacific Western Airlines and the Minister of Transport, and assurances have been given that Pacific Western Airlines believes in decentralization, and only the head office will be relocated in Calgary. The rest of the operation will remain in Vancouver.

There was a question posed by one honourable senator yesterday regarding the payment of taxes. It is assumed that Pacific Western Airlines will continue to pay taxes as it has in the past.

• (1520)

Another question was asked as to whether other provincial governments own, or have partial ownership in, regional air carriers. I have received information that to the knowledge of the government no other provincial government owns or controls or partially controls any regional air carrier in Canada at the present time.

There was another question asked with respect to flags and pins, and the availability of these items for distribution by senators to residents of the regions which they represent. The Secretary of State's office reports that up to this time honour-

able senators have not been eligible for these flags and pins which have been made available in some quantities to members of the House of Commons. The department is not at present in a position to fill orders for members of this and the other chamber. However, there is a possibility that some may be available for April 1 of this year.

Representations are going forward from my office to the Secretary of State that members of Parliament who serve in either the Senate or in the House of Commons should be treated equally in this regard, and the suggestion is going forward that additional funds be made available for the expansion and continuation of this program which I believe to be an important one at this time.

I think honourable senators have articulated very well a current attitude in the country—that the young people of Canada should be encouraged to acquire these symbols and wear them with pride, not only within the borders of Canada but abroad as well.

I have been given assurances by the Secretary of State that the entire question is being given sympathetic study, and it is hoped that favourable action can be taken. I may say that similar representations are being received by the Secretary of State from members of the other place who believe that this program of distribution of pins and symbols is of great value. So there is a good deal of support for this program not only here but in the other place.

Senator Forsey: If I may ask a supplementary question arising out of what the Leader of the Government has just said, in regard to the first point about the regional airlines, I am much surprised to hear that the information he has received is that no provincial government has any even partial ownership of a regional airline, because I was under the strong impression that one or more of the Atlantic province governments had some share in Eastern Provincial. I cannot recall where I got that impression, but I was under that very strong impression, and I wonder if, perhaps, I was completely mistaken or whether I may have some ground for it.

On the other point, I wonder if the Leader of the Government is aware that some years ago several of us—certainly I myself, and some colleagues here tell me the same—received these pins. I got an enormous bagful of them. I should think it must have been easily 500, and I couldn't use all of them and I returned some of them to the Secretary of State's office. But we were certainly getting them then, unless I was very highly favoured for some unknown, certainly very obscure, if not completely unknown reason. I think we were all getting them. I don't know whether other colleagues can confirm that impression.

Senator Perrault: Honourable senators, I recall that as well. However, I understand that it was not during the current fiscal year or the past fiscal year. I think that there was a distribution of pins under the direction of the previous Secretary of State, and the distribution was confined only to pins. Other symbols and devices were not included. What we may be talking about is a new program which constitutes a resumption of a previous one—one which I think was very successful. I know it was very popular with the young people in my home area.

As to the honourable senator's comment with respect to ownership or partial ownership by provincial governments of regional air carriers, I think a number of us had heard a report similar to that mentioned by the honourable senator. However, I can only say that I have given the official response which I received from the Ministry of Transport. The exact words which appear in this memorandum are:

> Inquiries indicate that no other provincial government owns a piece of any regional air carrier.

I can only say that I shall pursue the question further to ascertain whether or not there is some other kind of provincial government involvement in a regional air carrier in other parts of Canada.

Senator Cook: My impression is that the Newfoundland government is a bondholder, but not a shareholder, of Eastern Provincial.

Senator Grosart: Perhaps I might suggest to the Leader of the Government that the author of the memorandum might define what he means by "a piece of."

Senator Perrault: I have requested that a fuller statement with respect to ownership of regional air carriers be made available for presentation to the Senate, and I have not yet received it. I think this is a very important question, and I can only say that the request has gone forward, but the answer has not been prepared in its totality. The honourable senator has asked a good question.

CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Senator Benidickson moved the third reading of Bill C-15, to amend the Customs Tariff.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT

BILL TO AMEND—THIRD READING

Senator Cook moved the third reading of Bill C-22, to amend the statute law relating to income tax.

Motion agreed to and bill read third time and passed.

• (1530)

CANADIAN AND BRITISH INSURANCE COMPANIES ACT
FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John Morrow Godfrey moved the second reading of Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

He said: Honourable senators, this is a bill to amend the legislation governing the activities of federally incorporated insurance companies and companies from outside Canada doing business here. The legislation applicable to Canadian companies and British companies is in the Canadian and British Insurance Companies Act, and the legislation applicable to other foreign companies is in the Foreign Insurance Companies Act. The requirements applicable to foreign companies are as nearly as possible identical with those applicable to British companies. In other words, British companies do not get more favourable or different treatment than other foreign companies. Apparently the reason for adopting two acts was a 1931 Privy Council decision that declared *ultra vires* certain provisions of the insurance act then in force. It was felt that it would strengthen the constitutional base of the federal legislation relating to non-Canadian companies if there were two acts, although why that should be so is not very clear.

The bill is really divided into three parts. The first part applies to Canadian companies; the second part applies to British companies; and the third part applies to foreign companies.

With one or two exceptions the amendments applicable to British companies and to foreign companies are a repetition, with appropriate changes in wording, of the amendments proposed with respect to Canadan companies. My main comments, therefore, will refer to the amendments applicable to Canadian companies. These are found in the first 17 clauses of the bill; that is, up to page 26. Pages 26 to 40 repeat these with respect to British companies, and the remainder of the bill from page 40 on deals with foreign companies.

The principal purpose of the amendments is to change the statutory rules concerning the calculation of the actuarial reserves which companies are required to hold with respect to outstanding policies, and the rules concerning the valuation of assets. These changes are being put forward as a consequence of intensive study of the whole field of financial reporting for insurance companies. These studies have been going on in recent years in the United States and Canada in the accounting profession, in the actuarial profession and in the insurance industry itself.

Insurance supervisors in this country and in the United States have also taken an active part in the discussions. The broad object of the study is to improve the financial reporting of insurance companies and, generally, to bring such reporting more into line with generally accepted accounting principles that are applied to other kinds of corporations.

At this point I can explain what is meant by referring to the question of how acquisition costs of writing a life insurance policy should be treated. These acquisition costs include agents' commissions and other expenses which can, in total, be more than 100 per cent of the first year's premium. It would not be unusual if these totalled 150 per cent. In other words, it could cost a company $150 for every $100 of first year premiums to write a new policy. Instead of charging the whole $150 off against income in the year the cost is incurred, it was desired to charge it off over a five-year period, because this would then give a more realistic picture of whether a company was losing or making money.

I might explain that at one time I was a director of a life insurance company that was starting up in business. In effect, we kept two statements of account. One we published, which contained the official statements showing all of the expenses written off in the first year. This showed a substantial loss in each year, which resulted in a reduction in the surplus of the company—what was known as "surplus strain." But so long as the company had sufficient capital it could keep on writing new policies even though at a loss. But then the directors were presented with another statement which showed that, rather than losing money, we were actually making money because, for our own private consumption, we would charge these costs off over a five-year period. So for every $100 in the first year, instead of charging $150 of the costs, we would charge only $30.

Now, the security analysts in the investment community were doing exactly the same thing as the directors of the company were doing, and, in effect, what this bill proposes is that, under the control of the Superintendent of Insurance, companies will be able to defer these acquisition costs more realistically, and the officially published financial statements showing the profit and loss will be more in accord with the facts than they have in the past.

The amendments proposed in this bill will give the necessary statutory authority to modify financial reporting requirements to make considerable progress towards this end, although it is recognized that because of the particular nature of insurance companies and insurance company liabilities it is probably not possible or desirable to try to fit them into exactly the same mould as would apply to other types of corporations.

Concerning the calculation of actuarial reserves, the broad intent is to give more scope to the actuary responsible for the valuation to choose appropriate valuation bases and methods, but without abandoning all supervisory control. The amendments propose a minimum reserve method, but will enable the company to use any method that produces higher reserves. However, in order to make it possible to compare one company with another, and to interpret income accounts more accurately, companies will be required to reveal not only the reserves actually shown in the balance sheet but also the reserves computed on the basis described in the act and the reserves on the net level premium basis. An actuarial report will be required in which the actuary will be expected to state that, in his opinion, the bases chosen are appropriate and the reserves make good and sufficient provision for the liabilities.

Concerning the valuation of assets, special rules are required, since the valuation of assets is linked, in an insurance company operation, to the valuation of liabilities that they have assumed under the policies.

I believe I should explain this briefly. This is a highly technical subject, but I can use one illustration with respect to life insurance companies. If premiums are paid by a certain age group whose life expectancy is 20 years, and if the life

insurance company invested that part of the premiums required to start establishing the reserve to meet the obligations 20 years from now in bonds maturing in 20 years, then it does not really matter whether the bond goes down in market value one year from now, because ordinarily the life insurance company has no need to sell that bond during the 20-year period before it matures. However, while the life expectancy of those people in that age group is 20 years, that is an average only. Some will die before the 20 years are up, and some of the bonds might have to be sold at less than their face value, if the market for bonds happens to be down at that time. Furthermore, there can be a default in some of the bonds.

It is proposed that the assets be valued at their book value less an investment valuation reserve to be fixed by regulation, which would be designed to provide some safeguard against the two main risks, namely, loss from having to dispose of assets before maturity to meet liquidity needs and loss by reason of default.

These rules would make the valuation of assets of an insurance company somewhat less sensitive to changes in the market value than is presently the case, and it would permit the use of values that are consistent with the valuation of their obligations contained in their policies.

Much technical discussion is continuing among accountants and actuaries on the general question of the valuation of assets in relation to particular bases chosen for the valuation of liabilities assumed by insurers in their policies. It is likely that new developments will be occurring from time to time in this field and, as a consequence, it seems appropriate to establish the investment valuation reserve by regulation. However, I would suggest that it would be appropriate for the Standing Senate Committee on Banking, Trade and Commerce to request detailed information as to what these regulations will eventually contain.

● (1540)

The bill also proposes certain changes in the minimum capital and surplus requirements that are now prescribed for property and casualty insurance companies. The changes will reduce somewhat the capital and surplus requirements where this can be safely done. The consequence will be a greater ability of the existing insurance companies to serve the Canadian market.

Certain changes are proposed with respect to investment powers of insurance companies. Companies will have somewhat broader powers to invest in real estate than at present, and will be able to invest jointly with any other corporation. The maximum limits on single parcels of real estate will be raised, and companies will be permitted to invest up to modest limits in real estate that is not at the time of investment improved or in the process of being improved. Companies will be permitted to invest up to 7 per cent of their assets in income-producing real estate that does not qualify on the basis of being leased to a substantial corporation or on the basis of having a three-year earnings record. Certain other changes will make some technical modifications in the tests of eligibility for debentures and common shares. The maximum limit on investments in common shares would be increased for property and casualty companies that have more than the minimum required capital and surplus.

The bill also proposes a modification in the definition of "British company" in order to make it possible to register Lloyd's under federal insurance legislation. Because of the special nature of Lloyd's, it may be necessary to modify somewhat the requirements that would otherwise apply, and the bill proposes to give the Superintendent of Insurance authority to work out appropriate arrangements with Lloyd's, all within the general requirement of maintaining assets in Canada sufficient to cover liabilities in Canada.

A further change with respect to investments would limit companies' power to invest in government securities to securities of Canada, any province of Canada, or the government securities of any country in which the company is doing business. This is somewhat more restrictive than at present since the legislation now contains a list of countries whose government bonds are eligible investments.

With the introduction some years ago of the power to invest up to 7 per cent of assets in any securities not otherwise specifically authorized, often referred to as the "basket" provision, there is no need to continue to designate the government bonds of other countries as eligible investments.

The bill contains a number of other changes of lesser importance. Companies, both life insurance and property and casualty insurance, would be given the power to conduct business ancillary to the insurance business. At present, life insurance companies can do this through a subsidiary but not directly. Examples of the types of ancillary business now carried on by life insurance companies are computer services and investment counselling. There are tax difficulties for life insurance companies carrying on business through subsidiary companies because, unlike other companies, they cannot move profits from the subsidiary to the parent by way of dividends that are tax free. Property and casualty insurance companies would also be given the power to own subsidiaries to carry on an ancillary business as well as being able to do it directly.

The requirements concerning audit would be modified slightly to improve the wording, and also to make it clear that an auditor may accept the actuarial reserves as certified by the valuation actuary. Some clarification is proposed concerning the deposit of assets out of Canada in order to give more control to the supervisory authorities, and a provision is included to confirm and clarify the power of life insurance companies to transact accident and sickness insurance. Companies would be given power to divide the capital stock into classes of

shares. At present, the act contemplates only one class of shares. This would permit companies to raise additional capital by way of the issuance of preferred shares.

As mentioned earlier, the changes proposed for British and foreign companies are similar to those proposed for Canadian companies, where applicable. These companies are now required to maintain assets in Canada to cover their liabilities here. The proposals, however, will slightly strengthen this requirement by specifying that the companies must maintain assets to cover not only the basic liabilities but also some margin equal to that required of Canadian companies. Authority is sought to permit the Superintendent to accept letters of credit from Canadian banks as part of the provision to cover liabilities in Canada, subject to maximum limits. This would be used only for special circumstances.

British and foreign companies are now required to maintain assets in Canada to cover their liabilities, and the assets must be essentially Canadian assets. However, they may at present deposit securities of their home governments as part of the assets in Canada to cover the liabilities. The bill proposes that deposit of home government securities be permitted only with the consent of the Superintendent of Insurance. It is considered desirable to exercise some control over this power in order to prevent a foreign company from using this authority to deposit its home government securities for more than temporary or special circumstances.

In conclusion, honourable senators, this is a highly technical bill that lends itself much more to detailed discussion in committee than in this house. That is why I have not attempted to go into more detail at this time.

On motion of Senator Grosart, for Senator Flynn, debate adjourned.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

February 24, 1977

Madam,

I have the honour to inform you that the Honourable R. G. B. Dickson, LL.D., D.C.L., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 24th day of February, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière,
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, March 8, 1977, at 8 o'clock in the evening.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Grosart: Explain.

Senator Langlois: Honourable senators, before the question is put, I should like to say that the decision to move this motion is based on the fact that there is no urgent legislation likely to come to us during next week. Although the Senate will be adjourned, it does not mean it will be inactive. Indeed, several committees of the Senate will be meeting next week.

On Tuesday, March 1, the Standing Senate Committee on National Finance will meet at 2.30 p.m. to consider the Public Works estimates.

On Thursday, March 3, the Standing Senate Committee on National Finance will sit at 9.30 a.m. for further consideration of the Public Works estimates. At 10 a.m. on the same day there will be a meeting of the Joint Committee on the Library of Parliament, and at 3.30 p.m. there will be a meeting of the Joint Committee on Regulations and other Statutory Instruments.

Senator Grosart: Is there a day off on Wednesday?

Senator Langlois: Yes.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable R. G. B. Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the statute law relating to income tax.

An Act to amend the Customs Tariff.

An Act to amend the Excise Tax Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 8, at 8 p.m.

THE SENATE

Tuesday, March 8, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE JOHN J. CONNOLLY, P.C.

FELICITATIONS ON RETURN TO CHAMBER

Senator Perrault: Honourable senators, I know I speak for all honourable senators in welcoming back to our midst one of our very distinguished colleagues, the Honourable John J. Connolly.

Hon. Senators: Hear, hear.

Senator Perrault: We are delighted and gratified that the honourable senator has come through very difficult and perilous surgery and is now obviously restored to his usual good health and good spirits. I am confident he will make an even greater contribution to the work of this chamber in the future than he has in the past, which was monumental indeed.

Hon. Senators: Hear, hear.

Senator Connolly (Ottawa West): Honourable senators, I thank the Leader of the Government for his remarks. I need not say what a rewarding experience it is to return to this house after a long absence. I think I can report, to use the words of the Leader of the Government on another occasion, that my condition is now stable.

I am most grateful to all honourable senators for their kindnesses and the consideration which they showed while I was in durance vile.

Certainly, the letters, visits and flowers did much for my morale. I particularly want to thank my colleagues for their prayers. My doctor told me that at my age the success of the surgery I underwent was miraculous, and I have an idea that perhaps the prayers of honourable senators just pushed it over the top.

Hon. Senators: Hear, hear.

Senator Connolly (Ottawa West): Many honourable senators are members of the same profession as I. We have pride in our profession of the law, but I think it is fitting to say on an occasion like this that one has to have experience with the great medical profession to really appreciate the work done by our doctors. They are technically very advanced. We have a tremendous medical establishment in this country, an establishment that can do almost anything required to be done by surgeons, physicians and medical scientists of all kinds. I do not think it is appropriate for me to mention here the names of the people from whom I received such good care, and in whom I witnessed professional competence of a high order.

One of our colleagues has just entered the chamber, and he is really more a hero of this business of open-heart surgery than I. Seven or eight years ago Senator Côté, who is a much younger man than I, underwent surgery known as the Vineberg operation, and just this year he was required to have a by-pass operation. Compared to what his condition was a few months ago, he is so well now that I think he is another living example of at least one part of the expertise we have within the medical profession in this country.

I am very happy to pay this tribute to that great body of men and women.

Thank you so much, honourable senators.

Senator Perrault: Honourable senators, we are also pleased to welcome back to our midst two other colleagues, Senators Côté and Steuart, who have recently undergone rather complicated surgical procedures. We welcome their good health and we are pleased to have them back.

Hon. Senators: Hear, hear.

DISTINGUISHED VISITORS IN GALLERY

BALTIC HONORARY CONSULS

Senator Carter: Honourable senators, before we begin today's proceedings I should like to direct your attention to some distinguished visitors in the gallery, and to extend to them a hearty welcome. They are Mr. I. Heinsoo, Estonian Honorary Consul General; Dr. J. Imuidzinas, Lithuanian Honorary Consul; and Dr. E. Upenicks, Latvian Honorary Consul.

These gentlemen are in Ottawa to participate in a consulate meeting, and they will be attending the Baltic evening event tomorrow.

Hon. Senators: Hear, hear.

THE LATE HONOURABLE CLARENCE JOSEPH VENIOT

TRIBUTES

Senator Burchill: Honourable senators, I rise to pay tribute to a former member of this house who passed away in Bathurst, New Brunswick, yesterday. I refer to the late Senator Clarence J. Veniot, who was one of a group of 11 senators who were sworn in on April 4, 1945. He came to the Senate from the House of Commons. I believe that ten members of the group of 11 have now passed on, and I am the last.

I am sure there are those in this chamber tonight who remember Senator Veniot as a kindly, gentle, courteous gentle-

man who made a distinguished contribution to this country as a member of this house. He was the son of the late Peter Veniot, who at one time was Premier of the Province of New Brunswick and who afterwards became Postmaster General.

Senator Veniot and I were for many years warm friends, and I had the highest possible respect for him. He made a valuable contribution to the public life of New Brunswick as well as that of Canada, but the foremost dedication of his heart and soul was to the medical profession. He will be remembered affectionately by the people of Bathurst and Gloucester County, where he lived, for his distinguished service to wide circle of patients whom he served for many years.

My wife joins me in extending sympathy to Senator Veniot's family.

Senator Riley: Honourable senators, I too should like to pay tribute to the late Senator Clarence Veniot. When I first came to Ottawa in 1949 at the age of 33 he was my neighbour in the London Arms on Metcalfe Street. I also knew him as the son of the late Peter Veniot, Premier of the Province of New Brunswick and subsequently Postmaster General of Canada. I had a very warm affection for him, and I join with Senator Burchill in extending to Senator Veniot's family the deepest sympathy that one can express to the family of this Acadian senator who, when he retired from the Senate a good many years ago, left behind him the great Senator Burchill.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between E. B. Eddy Forrest Products Ltd. and the group of its lumber processing employees represented by Local 2-237 of the International Woodworkers of America. Order dated February 18, 1977.

Report of the Department of Regional Economic Expansion for the fiscal year ended March 31, 1976, pursuant to section 22 of the Department of Regional Economic Expansion Act, Chapter R-4, R.S.C., 1970.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. The Canadian Salt Company Limited, Windsor, Ontario and the group of its office employees, represented by the United Automobile Workers, Local 240. Order dated February 24, 1977.

2. The Canadian Salt Company Limited, Windsor, Ontario and the group of its plant employees, represented by the United Automobile Workers, Local 195. Order dated February 24, 1977.

3. The Canadian Salt Company Limited, Windsor, Ontario and the group of its mining employees, represented by the United Automobile Workers, Local 195. Order dated February 24, 1977.

4. Brunswick Ready-Mix Limited, Saint John, New Brunswick and the group of its employees, represented by the International Union of Operating Engineers, Local 946. Order dated February 25, 1977.

5. Kalium Chemicals, a division of PPG Industries (Canada) Ltd., Regina, Saskatchewan and its group of employees known as the Operator Technicians. Order dated February 25, 1977.

Copies of Note addressed to the Canadian Embassy, Washington, from the United States Department of State, dated February 18, 1977, on the subject of the Garrison Diversion Unit.

Supplementary Estimates (D) for the fiscal year ending March 31, 1977.

Copies of correspondence exchanged between the Prime Minister of Canada and Keith Spicer, Esquire, Commissioner of Official Languages, relating to the latter's term of office.

Report of the Superintendent of Insurance for Canada on Trust and Loan Companies for the year ended December 31, 1975, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. A. V. Carlson Construction Ltd., Edmonton, Alberta, and the group of its hourly paid superintendents. Order dated March 3, 1977.

2. A. V. Carlson Construction Ltd., Edmonton, Alberta, and the group of its salaried superintendents. Order dated March 3, 1977.

3. Direct Film Inc., Montreal, Quebec, and the group of its employees represented by the Association des Chauffeurs de Direct Film, Montreal. Order dated March 3, 1977.

Copies of a letter from the Prime Minister to the Chairman of the Canadian Radio-Television and Telecommunications Commission, dated March 4, 1977, relating to CBC and the possible establishment of a Royal Commission into broadcasting.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Elmira Public Utilities Commission and its non-office group employees, represented by Local 2345 of the International Brotherhood of Electrical Workers.

2. Horne & Pitfield Foods Limited and its employees, represented by Local 397 of the Retail Clerks Union.

3. The Corporation of the Town of Keewatin, Ontario and their Public Works Department Employees, represented by Local 990 of the Teamsters' International Union.

4. Sklar Furniture Limited and their Whitby hourly group employees, represented by Local 50 of the Upholsterers International Union of North America.

● (2010)

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (D) REFERRED TO NATIONAL FINANCE COMMITTEE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (D) laid before Parliament for the fiscal year ending the 31st March, 1977.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: When does the committee intend to start its work?

Senator Langlois: I understand that it is starting tomorrow morning.

Senator Flynn: At 9 o'clock?

Senator Langlois: I believe it is 9.30; the notices will be sent out.

Senator Flynn: It would be interesting for senators to know.

Senator Langlois: I will ascertain the exact time and announce it later this day.

Motion agreed to.

RESTAURANT OF PARLIAMENT

CHANGE IN SENATE MEMBERSHIP

Senator McElman, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Godfrey be substituted for that of the Honourable Senator Forsey on the list of senators serving on the Standing Joint Committee on the Restaurant of Parliament; and

That a message be sent to the House of Commons to acquaint the house accordingly.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: Of course.

Hon. Senators: Agreed.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: No questions.

Motion agreed to.

CLERESTORY OF THE SENATE CHAMBER

APPOINTMENT OF SPECIAL COMMITTEE—NOTICE OF MOTION

Senator Connolly (Ottawa West): Honourable senators, I give notice that on Thursday next, March 10, 1977, I will move:

That a special committee of the Senate be appointed to consider and report upon the question of installation of stained glass windows in the clerestory of the Senate chamber;

That the committee have power to send for persons, papers and records, to examine witnesses and to print such papers and evidence from day to day as may be ordered by the committee;

That the committee have power to sit during adjournments of the Senate; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the committee.

Honourable senators, I may say that this is another resurrection tonight, but I think it is obvious as to what is proposed.

CANADIAN BROADCASTING CORPORATION

DOCUMENTARY PROGRAM—QUESTIONS ANSWERED

Senator Perrault: Honourable senators, on December 16 of 1976 the Honourable Senator Norrie—

Senator Flynn: What date did you say?

Senator Perrault: December 16, 1976. The Honourable Senator Norrie asked a long and detailed question with respect to a CBC documentary program. The question was of such length that it obviously required a substantial amount of research on the part of corporation officials.

Senator Flynn: And a long reply.

Senator Perrault: The essence of the question is:

1. What was the total cost of production of this *The Fifth Estate* film on McCain Foods?

2. What is the breakdown of costs, in dollar terms, of the use of film and cameras?

(a) How many hours were spent to make the video tape as shown?

(b) How many hours were spent to obtain the audio tape to produce this 40-minute documentary?

And so on. I shall not repeat the entire question.

The answer that has been provided by the Canadian Broadcasting Corporation to the Honourable the Secretary of State of Canada is as follows:

Parliament has not, as a matter of custom since the Corporation's creation in 1936, required CBC to supply, in answering Parliamentary questions, certain details of its internal management and administration. Parliament has had two reasons for following this custom: first, the independence of the CBC as a Crown Corporation, established for the purpose of producing and broadcasting, independently of political or commercial interference, programs for a national program service; and secondly, the competitive nature of many of CBC's activities. The appropriateness of the CBC providing certain categories of information has been considered on many occasions by various Parliamentary Committees and when the CBC has suggested that such information should not be made a matter of public record, its views have been accepted by them. The names of employees and their functions in relation to specific programs, their salaries or expenses, the costs of individual programs, or business arrangements are examples of details which it has not been customary to require the CBC to supply. It is open to Parliament and its appropriate Committees to discuss the policies it and the CBC have followed in this regard.

That really does not provide the honourable senator with much detailed information.

Question 2 reads as follows:

2. What is the breakdown of costs, in dollar terms, of the use of film and cameras?

The reply merely states:

See reply to part 1 above.

Section (a) of question 2 is:

(a) How many hours were spent to make the video tape as shown?

The answer is:

(a) Because some CBC staff members, freelance and contract employees were also engaged on other segments of the program, and the way in which time records are maintained, it is not possibe to separate out the number of hours spent exclusively on *Citizen McCain*.

The reply to question 2(b)—and I want to be as helpful as possible here, without going into exhaustive detail about the original question—

Senator Smith (Colchester): You are doing fine so far.

Senator Perrault: I am sure honourable senators understand that this information was provided to me.

Section (b) of the second question is:

(b) How many hours were spent to obtain the audio tape to produce this 40-minute documentary?

The answer is:

(b) Recording and editing of the audio portion is simultaneous with the video portion.

Section (c) is:

(c) How many feet of tape were taken but not used?

The reply is:

(c) In CBC programs in general, the ratio of film usage, i.e., the amount of film shot compared with the amount used, is between 5:1 and 8:1. However, in major film documentaries and in programs of investigative reporting such as *The Fifth Estate*, the average ration is between 15:1 and 20:1. Most of the *Fifth Estate* items, including *Citizen McCain*, have fallen within this range.

Question 5 is:

5. How many people were interviewed in total for the show? Specifically,

(a) How many farmers were interviewed?

(b) How many employees of McCain Foods or associated or affiliated companies were interviewed?

The answer is:

(a) Three present or former potato farmers appeared and were identified.

Senator Norrie: That is a lie.

Senator Perrault: The reply continues:

(b) Two present or former McCain employees appeared and were identified.

Question 6 is as follows:

6. With respect to the opening of the new McCain plant in England,

(a) How many employees of CBC went to England to see the opening?

(b) What was the total cost involved?

(c) What were the hotel expenses in total?

(d) What was the bus fare in total?

(e) What were the taxi fares in total?

The reply to this question is that no CBC staff members went to England for the opening of that plant, and one contract employee did go.

The reply to sections (b), (c), (d), (e), of this question is as follows:

See reply to part 1 above.

Question 7 is:

7. Did all or any of the employees of CBC go first class by airplane?

The CBC simply states: "No.".

Senator Norrie: Honourable senators, I must tell the leader of the Government that I am very reluctant to accept such an answer, and I feel that the public is not going to accept it

either. I have had numerous letters from different people, not including McCain's, asking for the report of the CBC concerning this matter. It is going to cause a great deal of trouble if I report that. I am very reluctant to accept such a misleading reply.

● (2020)

Senator Perrault: I can only say that this is the information provided by the Canadian Broadcasting Corporation to the Honourable the Secretary of State. There is always the opportunity, of course, at an appropriate time, to ask any crown corporation about its spending and operational policies. Perhaps the honourable senator may wish to avail herself of that opportunity at that appropriate time. If, in the meantime, there are other questions the honourable senator wishes to ask, I shall certainly seek to obtain replies of some kind.

Senator Norrie: Thank you. That will be fine.

Senator Smith (Colchester): I wonder if the Leader of the Government would kindly note that there are other members of this chamber who feel very much as Senator Norrie does. Will he also note that it might be useful to convey to the CBC that if they need to provoke anybody any more this type of answer would be an excellent way to succeed in doing so?

Senator Forsey: I had a similar runaround some time ago with the CBC, and I was subsequently given to understand that the matter of this kind of non-answer was going to be carefully considered. But that appears to have vanished into thin air.

Senator Hicks: Just to show that there is no political bias in this situation, because my honourable friend Senator Smith (Colchester) and I have quarrelled—

Senator Asselin: Oh!

Senator Hicks: Why don't you wait to hear what I am saying?

Senator Flynn: You should have said it at the end.

Senator Hicks: Why don't you wait until you hear what I am saying?

My honourable friend Senator Smith and I have quarrelled many times in the legislature and other places, but I agree with him one hundred per cent on this occasion. I think it is an affront to Parliament and to this house of Parliament for the CBC to be permitted to make a response like that to a question. I personally will vote against their appropriation. The CBC is having some difficult times, perhaps, in more important areas than that of the McCain question in New Brunswick, but I think this is the kind of high-handed attitude with which Parliament should not put up, and I am distressed at the kind of reply we have had this evening.

Some Hon. Senators: Hear, hear.

Senator Flynn: I would ask the Leader of the Government if he is happy with the answers he has had to provide to Senator Norrie and others.

Senator Perrault: As honourable senators are aware, I consistently endeavour to provide as full answers as possible to all questions asked.

Senator Flynn: Are you happy with the answers you provide?

Senator Perrault: I would have hoped it would have been possible for the CBC, on this occasion, to provide us with greater detail. If honourable senators believe there is merit to this, I shall undertake to convey to the Honourable the Secretary of State, for the information of corporation officials, the sentiments expressed here this evening.

SALARY OF FORMER CBC EMPLOYEE—QUESTION

Senator Riley: Honourable senators, following the answer just given and the subsequent questions asked, I should like to ask the Leader of the Government if it is true that a present member of the Péquiste government in Quebec, who was an avowed separatist before she was elected as a Péquiste member, was earning much more money than the President of the CBC before she ran as a Péquiste candidate?

Senator Perrault: Honourable senators, I have no knowledge regarding the salary scale paid by the Canadian Broadcasting Corporation. As honourable senators are aware, there is the possibility that the Canadian Radio and Television Commission may be inquiring into certain aspects of the CBC.

Senator Riley: As a supplementary question, I would ask the Leader of the Government if he is aware that the particular person I refer to, a female, who is at present a member of the Péquiste government, has stated publicly that she earned much more than the President of the CBC?

Senator Asselin: You are out of order. Ask a question.

Senator Riley: It is a question. I asked if the leader of the Government is aware of that.

Senator Asselin: You are seeking information.

Senator Riley: I am asking the Leader of the Government if he is aware that that happened.

Senator Asselin: That is not a question.

Senator Riley: Did it happen?

Senator Perrault: I am not aware of any such information, and I do not want to indulge in the pursuit of any rumours or fragmented reports that may be brought to the chamber. I do not think this is the proper place to do that.

Senator Riley: Honourable senators, I make this a question, which I ask of the Leader of the Government. It it true that a present member of the Péquiste government in Quebec was earning more money than the President of the CBC when she was an employee of the CBC and an avowed separatist?

Senator Perrault: Honourable senators, I can only take the question as notice. I shall endeavour to obtain a reply from the Secretary of State.

Senator Flynn: It is a question of whether she is earning less now.

PROVINCE OF QUEBEC

AREA AND BOUNDARY

Senator Carter: Honourable senators, I would ask the leader if he can indicate when I might expect an answer to the questions I placed on the order paper on December 22 last?

Senator Perrault: Honourable senators, the question which I endeavoured to answer a few moments ago was also asked in the latter part of December, and I am hopeful that we will be able to provide answers to some of those questions within the next few days.

Senator Smith (Colchester): Are we not hurrying too much to do it in four months?

Senator Perrault: We want all replies from this side to be well considered.

Senator Flynn: Not all of them, I am quite sure.

Senator Smith (Colchester): I suppose they get pretty ripe after a while.

THE ESTIMATES

NOTICE OF NATIONAL FINANCE COMMITTEE MEETING

Senator Langlois: Honourable senators, before we proceed to Orders of the Day, I should like to reply to a question put to me earlier this evening by Senator Flynn regarding the time and place of the National Finance Committee meeting tomorrow morning. The meeting will held in room 260-N at 9 a.m. to consider supplementary estimates (D).

Senator Flynn: That is quite expeditious.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT
FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, February 24 the debate on the motion of Senator Godfrey for the second reading of Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

Hon. Jacques Flynn: Honourable senators, I could not be here when Senator Godfrey moved second reading of this bill, and was unable to reply at that time. Since then I have read his speech, which I consider to be an excellent one, and I congratutlate him on it. I would suggest, however, that he should have started at the end, as it would have been much easier for senators who were present to understand, because, in conclusion, Senator Godfrey said:

> —this is a highly technical bill that lends itself much more to detailed discussion in committee than in this house. That is why I have not attempted to go into more detail at this time.

I agree with Senator Godfrey entirely. As he explained, the bill has to do with problems of a uniform system of valuation of assets and liabilities of insurance companies and the bringing in of changes to parallel the provisions for British and foreign companies.

The legislation has also in view a new system of valuation of assets more in line with generally accepted accounting principles in the balance sheets of those companies. It would also give property and casualty insurance firms more latitude in reducing in some circumstances the minimum capital and surplus required to be held in reserve in relation to certain companies' liabilities.

This is all very complicated stuff—that is quite obvious to everyone—and I think it is more for a committee to deal with this question in detail than for the Senate as a whole.

• (2030)

I was interested in Senator Godfrey's remarks as to why we have two separate acts at the federal level respecting insurance companies coming under the jurisdiction of the Superintendent of Insurance.

Bill S-3 would amend two acts, the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act. In trying to determine why there are two separate acts covering the insurance business in Canada, I thought I should look into the history of the legislation. I read the decision of the Privy Council which Senator Godfrey touched on in his remarks. It would seem that the question of which level of government had competence in a given area was more complicated then than it is today. The question was referred to the Privy Council after decision of the Court of Appeal of the Province of Quebec. The question referred to the Privy Council was:

> Is a foreign or British insurer who holds a license under the Quebec Insurance Act to carry on business within the province obliged to observe and subject to ss. 11, 12, 65 and 66 of the Insurance Act of Canada, or are these sections unconstitutional as regards such insurer?

In other words, the federal authority at that time was trying to place foreign or British insurance companies under its jurisdiction. To that question the Privy Council answered that such companies are not obliged to submit to the regulations or provisions of the federal act with regard to obtaining a permit to operate in Canada. It went on to say that the sections in question were not otherwise unconstitutional. If a foreign or British-owned insurance company was to operate only in one province, it needed only to have a permit from that province and did not require a permit from the federal Superintendent of Insurance, or the equivalent authority at that time. Because of that decision, the federal authority had to scrap the legislation which was in force at that time and replace it with two separate acts, one respecting Canadian and British insurance companies and one respecting foreign insurance companies

operating in Canada, which are chapters I-15 and I-16 respectively of the Revised Statutes of Canada, 1970.

Those acts would make interesting reading for honourable senators who are interested in the question of which authority has jurisdiction over the insurance business in Canada. To begin with, both acts contain seven "whereas" clauses. As you know, "whereas" clauses do not often appear in bills which come before Parliament. In addition, each act contains a declaration, as follows:

> It is hereby declared that this Act has been passed with the object and intent of prescribing the status and powers of insurance companies incorporated by the Parliament of Canada,—

And there is no problem in that respect.

> —or by the Legislature of the former Province of Canada—

That refers to the period prior to Confederation.

> —the limitations thereof and the conditions on which such companies and British insurance companies and associations may be registered for the purpose of transacting the business of insurance in Canada;

In Canada generally, not in a given province.

> —of providing for the voluntary registration of provincial companies; of determining the conditions upon which all such companies shall be deemed to be insolvent, and of preventing any such companies that are insolvent, from commencing or continuing to transact the business of insurance in Canada; and if any provision of this Act should hereafter be determined to have any operation or effect beyond the legislative competence of the Parliament of Canada to authorize and sanction, and to be in that respect void and inoperative, it shall, in such respect, be treated as severable from the other provisions of this Act, and such other provisions continue to have full force and effect according to their tenor.

I think it is worthwhile having that declaration on the record as it indicates the attitude of the Parliament of Canada in this respect some 45 years ago. Things have changed greatly, but it does indicate the complexity of the situation.

As far as the practical problem is concerned, the bill before us has only one purpose, that being to update the system of evaluation of assets and the definition of the type of balance sheet a company should prepare, and protection, of course, of the policyholders, all of which can be much more thoroughly dealt with in committee.

There is, of course, nothing that we can oppose in the bill itself, especially if we obtain the information required in committee.

One wonders, however, whether it is not time to have a complete reform of the federal legislation pertaining to insurance. It is my view that we should have one act covering insurance, not two. The two acts were proclaimed as a precaution in light of the decision of the Privy Council some 45 years ago. The years have now clarified the situation. Perhaps in the not too distant future the legislation in this area can be updated in the manner I have suggested.

Hon. John M. Godfrey: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Godfrey speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Walker: Honourable senators, I wonder if I might make a comment before Senator Godfrey closes the debate. I have gone over this bill carefully and I intended going into some detail on it. I want to compliment Senator Godfrey on his explanation of the bill. He is a greater authority on this proposed legislation than he is on sports. To my mind, he made a great contribution to the Senate in being as explicit and clear as he was in explaining this bill.

Senator Godfrey: Honourable senators, I think the only thing I need comment on in Senator Flynn's remarks is his last observation. I entirely agree with him that it is time for a complete overhaul of federal legislation covering the insurance business in Canada. It was the hope of the Superintendent of Insurance that a bill could be brought down for the purpose of consolidating the two present acts. However, given the present workload of the drafting section of the Department of Justice, there would be quite a delay in bringing forward such a bill. For that reason it was decided to go ahead with this interim measure. I agree completely with Senator Flynn, as does the Superintendent of Insurance and, I believe, the government that all insurance companies should now come under one act.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Godfrey moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

• (2040)

LABOUR RELATIONS

EFFECTS ON THE ECONOMY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marchand, P.C., calling the attention of the Senate to certain fundamental problems which preoccupy Canadians, namely, problems of labour relations in the country and certain related problems of economic order.— (*Honourable Senator Petten*).

Hon. Paul Desruisseaux: Honourable senators, it is my understanding that I may speak tonight instead of Senator Petten.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Desruisseaux: I compliment our new colleague, the Honourable Jean Marchand, for calling the attention of the Senate to certain fundamental problems which preoccupy Canadians. His recent vibrant maiden speech in the Senate was timely, particularly with regard to some of the major problems that we Canadians are presently facing. In my opinion, his reasoning and common-sense comments, regardless of the reaction it provoked in some quarters, will help clear some of the foggy political atmosphere we are now experiencing.

[*Translation*]

Honourable senators, the contribution of Senator Marchand here is therefore important.

First may I say that, for me, the Canadian Broadcasting Corporation has the noblest mission to fulfill among our crown corporations, the one which at the same time involves considerable and serious responsibilities and provides the most satisfactory consolations. The CBC has the transcendent mission to promote the qualities and nobleness of our nation and to defend it against unfair attacks and subversive movements. It is CBC's duty to participate at all times in the development of a young nation evolved from two great and noble main lines of ancestors, both of which seek, each in its own way, to ensure a glorious future for their members.

All honourable senators recognize the serious, important and often transcendent part each and every member of this corporation is called upon to play in our midst.

When a number of people in command positions within such a corporation are accused of trying to rock the boat and jeopardize everything with a sustained and biased propaganda, aimed at fostering the personal interest of a questionable group of people, the Senate has the right—perhaps I should say the duty—to find out what is wrong, to investigate or order an investigation to identify what is unfair, biased or false and which might be broadcast with often unhappy and irreparable consequences. Such an investigation would also serve to clear the reputation of all law-abiding members of the corporation who have the right to be considered as such. This is no plot. The CRTC is the body which has been appointed to carry out this examination of the programs and to set them straight, should the need arise, all of this in accordance with the aim and objectives provided for under the act governing that corporation.

Besides, the Canadian Broadcasting Corporation never had the mission to destroy our national unity or to divide us. On the contrary, its lofty mission has been and remains to unify us. The CBC has to comply with the objective and the goals set by Parliament in its incorporation act. It would thus become unforgivable that a Parliament let a crown corporation develop to act against its objective and goals because of some objectionable and unauthorized propaganda by some people in strategic positions. It would become even more unforgivable that those who have the responsibility to ensure compliance with the incorporation act showed indifference.

A good number of Canadians who listen to the crown corporation programs charge it of having failed to comply with the objective and goals set in its incorporation act. This would never have been tolerated in communication companies of other countries. And it should not be tolerated here in Canada, since too much is at stake, particularly now.

Before Confederation, the association of two territories to make up one Canada did not have the expected success. At that time in our history, we had insubordination, rebellion and too often bloodshed, and all that needlessly.

The establishment in 1867 of a large federal state, of a Canadian Confederation, remains our best achievement and our best historic performance. In spite of the shortcomings attributed to the system, our Confederation remains, with that of West Germany, the outstanding model for confederal states in today's world, and the best government structure around. Our Confederation remains as well a good example of success during the last century. Though imperfect, the Canadian Confederation may again, with some other changes, serve us efficiently and constructively in the future. It may allow us to continue our upward course, and perhaps improve on what we have done for more than a century. That is what I feel it is our duty to seek with all the minds we have. That is in my opinion the key, the solution to a good number of our problems.

Canada is big, beautiful and prosperous in spite of its troubled history and its endless constitutional debates. Seconded by its provinces, although imperfect, it is strong and capable of achievements for the betterment of all its members. Canada can pursue great national objectives which elevate each of its members. With the cooperation of all its members, Canada can find readily acceptable solutions to all our present problems. It is not necessary for Canada to sacrifice prestigious positions which put it among the first nations of the world in economic endeavours. It must not overlook its role in the world because of disputes which intelligent people can always settle and which they normally settle.

During the last two decades, we often heard answers to the question put to Quebecers: "What does Quebec want?"

As we must know and seriously analyse their answers and as they are very confused, I took the liberty of drafting a list of those which seem most authoritative, with a view to making an objective assessment.

In the preamble to his book *Égalité ou Indépendance* published in 1965, the then Premier of Quebec, Daniel Johnson, made the following comments:

> What is important is to determine what are the powers essential to the assertion of the French Canadian nation.
>
> Both for nations and individuals, there are basic liberties which cannot be begged for and which cannot be the subject of any compromise or any tricky dealing.
>
> The right to self-determination for the French Canadian nation is one of them.
>
> What we want is more powers than those prescribed in the Constitution of 1867.

> What we want is the right to decide for ourselves or to take an equal part in the decisions made in all the aspects of our national life.

● (2050)

In his book, the late Daniel Johnson—asked the following questions:

> Are we truly masters in our own home when Ottawa controls everything in the field of radio, television and the media, which in this day and age are the most efficient instruments of culture? When Ottawa refuses to protect, with adequate tariffs, some products that are vital to the French Canadians—

and this is my own addition: for instance, the textile, the shoe and glove industries, and generally, the secondary industries which, in Quebec, give maximum employment in terms of the value produced.

Here, I interrupt my quotation again to mention the GATT agreements as a total failure, as far as the province of Quebec is concerned; in the future, we should show more foresight, wisdom, and protect the industries in the province. People do not change their minds without reason.

And now, to go back to quoting Daniel Johnson:

> When Ottawa could use immigration to change the technical balance to the point of our becoming the minority, in the very state of Quebec?
>
> When a decision of the Bank of Canada can affect the credit of our businesses, our financial institutions and even the state of Quebec?
>
> When the federal treasury wants to reap the profits from the development of natural resources that belong to the Quebec people and, through corporate taxes, prevent us from planning our economy, in terms of our own needs?
>
> When through succession duties—

He said this in 1965.

> —the government can turn upside down the economy of the Civil Code?
>
> When nationalization is the only means left us to repatriate to Quebec the taxes levied on our primary industries?
>
> When the Supreme Court, whose members are all appointed by Ottawa, is the ultimate interpreter of our French law and the only court to which we can submit our grievances against the federal government?

In addition, Quebec militant separatists wonder today why no one realizes that the whole matter of the appointment of lieutenant governors—and the governor general—must be revised. Why should the judges of the superior courts of the provinces still be appointed by the federal authority nowadays?

About ten years ago, the present Premier of Quebec expressed all his philosophy on Quebec separatism in his book *Option Quebec*. Today he reiterates the same philosophy to a certain extent. This is also true of Quebec demands concerning the separation of the province. They have not changed to any valuable extent for more than a decade.

Many formulas have also been proposed concerning our joint rapprochement and progress. They did not meet Quebec demands. Therefore none seemed valid or satisfactory. As Canadians we have so far never been prepared to make all the sacrifices required for the adoption of acceptable formulas.

A considerable number of experts from several of our provinces offered and are still offering somewhat magic solutions which can be summed up to a certain extent as a larger decentralization of powers without, I believe, considering the possibility of ensuring balkanization nor, I believe, the lessons of history.

It remains that all these efforts coming from people from every walk of life should give us some hope and indicate that no matter whether we are separatists, Conservatives, Liberals, New Democrats or Social Crediters, we all want to find formulas which are readily acceptable and viable and which would enable us to progress together.

I am still convinced that the Quebec government as well as the people's representatives, those in the party of René Lévesque and in the minority parties, share this hope, even though the solutions suggested seem rather extreme and hard to accept under our concept of government in Canada, with a view to maintaining a strong, stable and productive country which we all greatly need.

It is important that all parties involved should seek together formulas which will ensure that Canada will always act with authority in international economic matters and cultural fields; that is, a Canada that will grow stronger along with all its members. In this regard, we should promote much more large conventions and meetings of all kinds in all spheres of activities which make true assessments possible and result in mutually acceptable agreements.

Within one hundred and ten years our country, in spite of its tiny population and its modest economic means, has moved to the front among world nations.

An intelligent review of our present positions will make it truly possible for us to go much further in establishing, within the framework of modern history, an even stronger Canada capable of meeting the most demanding provincial ideals and moving progressively up towards the fulfillment of the highest economic and social objectives.

Such is my wish. I believe it is also our duty. It is the one objective that together we will strive for to regain peace, unity and full prosperity.

● (2100)

[*English*]

On motion of Senator McElman, debate adjourned.

BANKING, TRADE AND COMMERCE

AUTHORIZATION TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to notices of motion:

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, March 9, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

Senator Langlois: Honourable senators, may I at this time inform honourable senators that the Standing Senate Committee on Banking, Trade and Commerce will be sitting in Room 256-S tomorrow afternoon at 2.30 to consider Bill S-3.

Senator Buckwold: Is there a meeting of that committee in the morning?

Senator Langlois: The same committee will be meeting at 9.30 in the morning.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 9, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between Canadian Linen Supply Company Limited, Saskatoon, Saskatchewan and the group of its employees represented by The Retail, Wholesale and Department Store Union, Local 558. Order dated March 4, 1977.

QUESTION PERIOD

Senator Flynn: Has the Leader of the Government any replies?

Senator Perrault: Did you have a question?

Senator Flynn: I was wondering if the leader had replies to some of the questions posed, let us say, three months ago or more recently, namely, the question put by Senator Austin.

Senator Perrault: Honourable senators, I have no historical information to provide at this time, but I do have an answer to a question of more recent vintage.

TRANSPORTATION

REGIONAL AIRLINES—EASTERN PROVINCIAL AIRLINES—QUESTION ANSWERED

Senator Perrault: Honourable senators, on February 24 the Honourable Senator Forsey asked a question regarding regional airlines. He said:

> ... I am much surprised to hear ... that no provincial government has any even partial ownership of a regional airline, because I was under the strong impression that one or more of the Atlantic province governments had some share in Eastern Provincial.

I have looked into the matter raised by Senator Forsey and I have been informed that 52 per cent of the ownership of Eastern Provincial Airlines is by individuals, with the remainder being owned by the public. A loan had been given to EPA in 1975 through the Bank of Montreal, secured by a mortgage in the amount of $2.1 million to be carried by the Government of Newfoundland, but no ownership is involved.

PACIFIC WESTERN AIRLINES—QUESTION ANSWERED

Senator Flynn: Does the Honourable Leader of the Government have any answers to the questions posed by Senator Austin concerning Pacific Western Airlines?

Senator Walker: Next month!

Senator Perrault: Honourable senators, I believe the government has endeavoured to provide a good deal of information with respect to the PWA matter. Would Senator Flynn care to delineate the nature of his concerns about the Pacific Western Airlines transaction and bring the house up to date on his concerns?

Senator Flynn: I can at least recall that Senator Austin was inquiring into the possibility of retroactive legislation which would force Pacific Western Airlines to return its head office from Edmonton to Vancouver. That was one question which was not answered.

Senator Perrault: It may have been answered in the absence of the honourable senator. However, to reiterate, the government does not contemplate retroactive legislation.

Senator Flynn: That is much clearer than the last time the leader spoke about the matter.

PROVINCE OF QUEBEC

AREA AND BOUNDARY

Senator Perrault: Honourable senators, I am able to advise you that I hope to be able to answer tomorrow afternoon the long-standing inquiry in the name of the Honourable Senator Carter.

● (1410)

NORTH ATLANTIC ASSEMBLY

TWENTY-SECOND ANNUAL SESSION, WILLIAMSBURG, VIRGINIA, U.S.A.—DEBATE CONTINUED

The Senate resumed from Tuesday, February 1, the debate on the inquiry of the Honourable Senator McElman calling the attention of the Senate to the Twenty-second Annual Session of the North Atlantic Assembly, held in Williamsburg, Virginia, U.S.A., from 12th to 19th November, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. A. Hamilton McDonald: Honourable senators, as this is the first opportunity for some time for me to stand in my place in this chamber and make a contribution to a debate, I should like to take the opportunity of extending my congratulations to Madam Speaker for the admirable way in which she

has presided over the Senate for the last few years. Her duties as Speaker, both in this chamber and outside, have been performed with grace and charm. In my opinion her performance has proven to be a tremendous asset to this institution, not only here but among the public and especially the Ottawa community. It is a delight to see you in your present position, Madam Speaker, and it is my hope that I will cause you little concern on this or on future occasions.

I should also like to extend my congratulations to those members of the Senate who were appointed since our last session. Two of the gentlemen, Senator Ewasew and Senator Rizzuto, are new names and new faces to me. I had never had the opportunity of meeting either of them until they came to the chamber. Our initial meeting was a joy to me and, I hope, for them. Over the years, our acquaintanceship will grow, and because of their presence the Senate will make a greater contribution to the public life of Canada.

Senator Marchand, of course, did not need any introduction to this chamber. He had certainly made his mark on the Canadian community at large over the past several years by his service in the other place. His maiden speech in this chamber was a breath of fresh air. I enjoyed it; I welcomed it. I knew he was capable of making such a contribution, and I hope that he will continue to give us the benefit of his long experience, his wit and his charm for many years to come.

Senator Steuart is new to this chamber, but he is certainly not new to me.

Senator Flynn: Why?

Senator McDonald: Senator Steuart and I spent many years trying to defeat a socialist government in Saskatchewan. We were finally successful, but our formula did not last very long. However, he played an important role in the public life of Saskatchewan over many, many years, as mayor of his home city of Prince Albert, as a member of city council, as a member of the opposition in the provincial legislature, and as a member of the provincial government. It has been a delight to have had the opportunity of working with him for some 20 years or more. I know that his wit and his Irish charm will add much to this chamber and to the national public life of this country.

Senator Flynn: It is too bad that after four appointments to the Liberal side of the house you cannot praise another senator sitting on this side.

Senator McDonald: Whom did I miss?

Senator Croll: Say something nice about him.

Senator McDonald: If I missed anyone, I apologize.

Senator Flynn: No, you did not miss; we all miss someone else.

Senator McDonald: I believe that my stand on this particular matter is well known to the Leader of the Opposition. For many years my stand has been that the membership of the official opposition in this chamber ought never to drop below, say, a third of the total membership. I held those views when I came here and I am more strongly convinced of that today. If the Conservatives cannot think of anyone who is qualified to come to the Senate, I can name a few of their followers who could fill the position very well.

Hon. Senators: Hear, hear.

Senator Flynn: Bravo!

Senator McDonald: You know, I used to be one myself, but I was like a newborn kitten; my eyes were closed.

Honourable senators, it had been my intention to introduce this inquiry at a much earlier date but that became impossible because of other matters, and on December 14 our colleague, Senator McElman, introduced the inquiry. During his comments he dealt with the participation of the Canadian delegation in the North Atlantic Assembly's annual meeting at Williamsburg. There is nothing that I can add to his contribution. As honourable senators are aware, Senator McElman was the Senate's representative on the Economic Committee of the North Atlantic Assembly, which is one of the more important committees in that unless the economies of our respective nations are strong we have no hope of fulfilling the duties and responsibilities of the North Atlantic Assembly or of NATO itself.

One of the main factors confronting the ability of NATO to meet the threat from the Warsaw Pact stems from the weak economic conditions which prevail in several member countries of the North Atlantic Assembly. However, I believe that Senator McElman fully covered this subject and I need say no more about it.

I wish to refer to a letter addressed to me by Senator McElman a couple of days after he introduced this subject in this chamber. It is a letter that anyone who is indisposed for any reason would find delight in receiving. Senator McElman has wit and ability with the pen, something which few of us possess. I wish to quote one paragraph from that letter. I did not seek his permission to do so, but I am sure he will understand. It reads:

> In your absence I initiated the Williamsburg debate on Tuesday. In all modesty I must say that it was a far better speech than you would have made. As you know, I am strong on modesty.

Well, I know that Senator McElman was right, and I am about to prove it. I should like to have read the whole letter, but honourable senators would never remember anything I would have to say were I to do that. I do wish to emphasize, however, how much I appreciated Senator McElman's introducing this subject matter, and also his letter to me.

Following Senator McElman, Senator Yuzyk spoke in this chamber on February 1 and covered the activities of the Committee on Education, Cultural Affairs and Information. Senator Yuzyk was the Senate's representative in Williamsburg, as he has been in other places, on this particular committee, and I believe I can say—and have complete agreement from senators generally—that he has as much knowledge of these matters, particularly in the area of human rights, as any of us. He has represented our country well, both at home and abroad. During his comments on February 1, Senator

Yuzyk made reference to the Helsinki Agreement. I believe all of us were happy in that the conference was held in Helsinki. Many Canadians were concerned as to the type of document we were signing in Helsinki. Time has proven that those concerns were well founded. The interpretation placed on that agreement by the Western World is much different from that of the Soviet Union and her satellites. Neither the Soviet Union nor her satellites have lived up to our interpretation of that agreement, not only in respect of human rights but also in respect of the borders as they now exist in Europe. There is no doubt that there are two distinct and different interpretations. The Western World, in discussing détente with the Soviet Union, is confronted with the question of whether the other side is talking about the same thing and whether both sides interpret documents in the same way.

• (1420)

I suggest that it does not; I suggest that the interpretation placed on such documents by the Soviet Union is vastly different from that of the Western World. The Western World must be even more careful in the future in entering into such agreements where we have doubt as to the interpretation placed by the other side. We have to bear in mind that the Soviet Union is a nation whose word is worth nothing, but whose power is enormous. History has proven that to be so, and our actions in the future must be taken in the light of our post-World War II experiences.

Following Senator Yuzyk's contribution to this particular subject matter, Senator Austin reported to the chamber on a trip that he had made to Paris to represent Canada at a conference of the Western European Union. I gathered from his remarks that that was the first opportunity he had had to attend such a conference as a parliamentarian, although he had represented Canada at such conferences in his capacity as a senior public servant. I was amazed at the knowledge he was able to gather respecting the military and economic problems that plague the North Atlantic Assembly and NATO in general.

Honourable senators, I want to make a rather lengthy speech, and for that I do not apologize. I am one of those who believe that the existence of NATO and the North Atlantic Assembly, the Western European Union, and other such organizations, has been partially, perhaps largely, responsible for the maintenance of peace in Europe for one of the longest periods in history. I think such organizations are worth something, not only in Europe but to us. Without peace in Europe, all of those matters which are referred to us on Parliament Hill, or to any other governing institution in Canada, will be meaningless. I am sure we will not be concerned about any day-to-day problems or legislation that may come before this chamber unless we have peace in the world.

However, we have three committees that want to hold meetings this afternoon. Not only do they want to, but they have to. I think all of them have witnesses who have come to Ottawa to appear before them. One of those committees has permission to sit while the Senate is sitting, though, as I understand it, the other two have not. In my view there will be a more appropriate occasion on which I can conclude these remarks. The committee meeting that I want to attend, the Standing Senate Committee on Agriculture, will be hearing representatives of the Government of New Brunswick, including the minister, and representatives of the Agriculture Institute of Canada, who want to make representations to us. It is extremely important to hear these witnesses and we certainly should not have them cooling their heels in the hall while I make a speech on another subject in this chamber. Therefore, honourable senators, with your permission I shall adjourn this debate.

Senator Flynn: Seconded by Senator Argue!

Senator McDonald: I do not care whether somebody seconds it or not, or even if nobody does. I am doing what I think is right.

On motion of Senator McDonald, debated adjourned.

BUSINESS OF THE SENATE

Senator Perrault: Honourable senators, I move that the house do now adjourn.

The Hon. the Speaker: Honourable senators, I should like to remind you that a reception will take place from 4 p.m. to 6 p.m. in my chambers on the occasion of the presentation of service pins to Messrs. Marcel Nadeau and Charles Gouin, both of whom recently retired after many years of faithful service to the Senate of Canada.

Senator Langlois: Honourable senators, before the question is put I should like to remind you that there are three important Senate committee meetings this afternoon. When the house adjourns, the Standing Committee on Agriculture will meet in room 253-D to continue its inquiry into the desirability of long-term stabilization in the Canadian beef industry. It will be hearing important witnesses from the Department of Agriculture and Rural Development of New Brunswick, and from the Agriculture Institute of Canada.

The Special Committee on Science Policy will meet in room 356-S at 3:30 p.m. to consider Canadian Government and other expenditures on scientific activities and matters relating thereto, with witnesses from the Privy Council Office and other government departments.

Finally, the Standing Committee on Banking, Trade and Commerce will sit at 2:30 p.m. in room 256-S to consider Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act. The witness is Mr. R. Humphrys, Superintendent of Insurance, of the Department of Insurance.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 10, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order of the Administrator under the *Anti-Inflation Act*, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between The City of Medicine Hat, Alberta and the group of its employees represented by the Canadian Union of Public Employees, Local No. 46. Order dated March 8, 1977.

Report of the Canada Post Office for the fiscal year ended March 31, 1976, pursuant to section 80(2) of the *Post Office Act*, Chapter P-14, R.S.C., 1970.

Copies of a letter dated March 9, 1977, from the Chairman of the Canadian Radio-television and Telecommunications Commission to the Prime Minister of Canada, regarding an inquiry suggested in a letter of the Prime Minister, dated March 4, 1977.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—REPORT TO COMMITTEE PRESENTED

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act, and had directed that the bill be reported with the following amendments:

1. *Page 3:* Strike out line 16 and substitute therefor the following:

"(a) notwithstanding anything in this Act, fix the par value of each class of"

2. *Page 3:* Immediately after line 29, insert the following:

"(2.1) Notwithstanding anything in this Act, a by-law made under subsection (1) may change the par value of any existing class of shares into shares of a larger or smaller par value."

3. *Page 4:* Strike out line 4 and substitute therefor the following:

"province or state thereof,"

4. *Page 4:* Strike out line 9 and substitute therefor the following:

"possession, or

(iv) any country prescribed by the regulations;"

5. *Page 7:* Strike out line 3 and substitute therefor the following:

"ing or formed as a result of the amalgamation or"

6. *Page 13:* Strike out line 32 and substitute therefor the following:

"graph 82.1(1)(c) or 102(4)(b), as presenting fairly the"

7. *Page 36:* Strike out line 11 and substitute therefor the following:

"tion, or

(iv) of a Canadian corporation that are guaranteed by a corporation incorporated outside Canada where the bonds, debentures or other evidences of indebtedness of the guaranteeing corporation would, if it were a Canadian corporation, be eligible for vesting in trust under subparagraph (ii);"

8. *Page 37:* Strike out line 13 and substitute therefor the following:

"tinuing or formed as a result of the amalgama-"

9. *Page 56:* Strike out line 4 and substitute therefor the following:

"tion, or

(iv) of a Canadian corporation that are guaranteed by a corporation incorporated outside Canada where the bonds, debentures or other evidences of indebtedness of the guaranteeing corporation would, if it were a Canadian corporation, be eligible for vesting in trust under subparagraph (ii);"

10. *Page 57:* Strike out line 6 and substitute therefor the following:

"tinuing or formed as a result of the amalgama-"

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Hayden moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (D) PRESENTED AND PRINTED AS APPENDIX

Senator Sparrow: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on Supplementary Estimates (D) laid before Parliament for the fiscal year ending March 31, 1977, and I ask that it be appended to the *Debates of the Senate* and the *Minutes of the Proceedings* of today and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Clerk Assistant (*Reading*):

> The Standing Senate Committee on National Finance to which the Supplementary Estimates (D) laid before Parliament for the fiscal year ending March 31, 1977, were referred, has in obedience—

Senator Flynn: Dispense.

(*For text of report see appendix, p. 484.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Sparrow moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

• (1410)

ESTIMATES OF MANPOWER DIVISION OF DEPARTMENT OF MANPOWER AND IMMIGRATION—COMMITTEE AUTHORIZED TO REVIEW RECOMMENDATIONS

Senator Sparrow: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on National Finance be authorized to review the recommendations in the Report on Canada Manpower of the Standing Senate Committee on National Finance, appointed in the last session of Parliament and authorized in that session to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ended the 31st March, 1975, tabled in the Senate on 19th October, 1976.

The Hon. the Speaker: Is leave given, honourable senators?

Hon. Senators: Agreed.

Senator Sparrow: By way of explanation, honourable senators, I should say that in its report on Canada Manpower your committee states:

> The government takes from a report what it wants, discards or ignores what it chooses, but there is no way—other than by inferring from analysis of any subsequent changes in policy—of knowing what the government's reactions to it have been and why. This diminishes the value of the report, limits the opportunity of a committee to learn on the job, and denies the Canadian public the last and most important chapter of the study. To fill this void, the committee will invite the Minister of Manpower and Immigration to comment on this report and its recommendations, and in particular to explain where and for what reason he and the Manpower Division disagree either by letter or preferably in a public hearing.

The report goes on to say that from time to time the committee will review the recommendations of its reports. It is to accomplish this end that I make this motion today.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, I move, seconded by the Honourable Senator Perrault, P.C., with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, March 15, 1977, at 8 o'clock in the evening.

Before the question is put I should like to make a brief statement on the work of the Senate for next week.

In the Senate we shall consider the amendments made by the Standing Senate Committee on Banking, Trade and Commerce to Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act, and the report of the Standing Senate Committee on National Finance on the supplementary estimates (D) for the fiscal year ending the 31st March, 1977. We shall continue with the debate on the inquiries of Senator Marchand, Senator Burchill and Senator Cook. There will also be further debate on the second report of the Standing Joint Committee on Regulations and other Statutory Instruments. In addition, I have been informed that we should receive Bill C-35, to amend the Old Age Security Act, before we return on Tuesday. It is also possible that there will be another bill for introduction in the Senate next week.

The committee meetings now scheduled for next week are as follows:

On Tuesday the National Finance Committee will meet at 2.30 p.m. to review the recommendations made in the report on Canada Manpower, as authorized today.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9:30 a.m. to continue with its advance study of Bill C-16, and to hear witnesses in connection therewith. The Special Committee on Science Policy will meet at 3.30 p.m.

On Thursday the National Finance Committee will meet at 9.30 a.m. on Public Works' Estimates, and the Standing Joint Committee on Regulations and other Statutory Instruments is scheduled to meet at 3.30 p.m.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Langlois: I am informed that the committee will not sit before 2.30 p.m.

Motion agreed to.

LUMBER INDUSTRY

EFFECT OF TARIFF ON IMPORTATION OF SOFTWOOD PLYWOOD—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Burchill calling the attention of the Senate to the tariff on the importation of softwood plywood and the serious effect it is having on the Canadian plywood industry.—(Honourable Senator Robichaud, P.C.).

Senator Robichaud: Stand.

Hon. Ann Elizabeth Bell: Honourable senators, I wonder if I might speak to this order if Senator Robichaud does not wish to proceed at this time.

The Hon. the Speaker: Is it agreed, honourable senators?

Senator Robichaud: Yes.

Hon. Senators: Agreed.

Senator Bell: Thank you, Senator Robichaud.

Honourable senators, when Senator Burchill brought to our attention on December 2 last year the serious situation in which the Canadian softwood plywood industry found itself, we had come through an extremely serious time. Our plywood producers at home were faced with a declining export market and, at the same time, were competing with American exports into Canada.

The present situation, as Senator Burchill explained so well, is that we have a 15 per cent tariff against American plywood, while they have a 20 per cent tariff against our plywood, and with that 5 per cent tariff differential the American exporter is able to ship into Canada and undersell our locally made plywood.

What shocked and concerned me most were the figures we were given showing that in a very short period of time the Americans had increased their share of the market from 5 per cent in 1973 to more than 18 per cent in 1974. That was a tremendous jump in one year.

If we have a healthy plywood industry in Canada, we shall have a healthy forestry industry in the whole country. One way by which we can do something about this is ensuring that while current negotiations are going on in Geneva with GATT we at least retain our 15 per cent tariff and work towards parity.

We used to have parity with the Americans but, for some reason through the Kennedy Round negotiations, the Americans emerged with a 20 per cent tariff and Canada with a 15 per cent tariff. That made it more difficult for our industry. When I point out that British Columbia supplies more than two-thirds of our total domestic production and also has a large share of the export market, honourable senators can see that this affects my province most seriously.

● (1420)

Why should we negotiate parity? I think the main reason is that we are faced with several problems in the industry. We started off with modern plywood plants, but they are now having to be replaced. The United States has economies of scale that we cannot possibly compete with. I think someone said that three or four of the American plywood companies can produce all of the softwood plywood that Canada needs, so it is very important that we at least maintain the tariff that we have.

One of the things we were told was that by the end of 1976 the Americans might have captured 30 per cent of our domestic market. There were, I think, two reasons for this, although I would like to be corrected if I am wrong. With the devaluation of the Canadian dollar, American plywood was not quite as attractive a buy for Canadians. It boosted up the price. The other reason was that the American economic recovery last year was stronger than had been forecast, so housing starts, which are the indicators of how the plywood industry is going to go, really picked up in the United States. The Americans now are buying their own plywood production to the extent that it is not necessary for American producers to export to Canada and undersell our producers. This has given our plywood industry a bit of a lease on life but if I am right, and those are the two main reasons for our coming through without being as badly damaged as we feared at the end of the year, I do not think we should be complacent, since there are fundamental reasons why this industry still needs help.

One of the things I should like to offer for consideration is that the plywood firms face higher taxes than their American counterparts, and their labour costs are higher. In addition, their production costs are higher because their aging mills are not able to produce what the more modern plants, with more modern tools, can produce. Transportation costs in the United States do not form as high a proportion of total production costs as they do in our country. In Canada transportation costs form a really large proportion of the total.

Some of these difficulties can be overcome by the federal government through legislation, but others will have to be overcome by the industry itself. Perhaps the main thing we should consider is how to improve our investment climate, because if the plywood industry is going to be strengthened it

must be made more attractive to the investor. It has to look better before people will invest in it. If you have improved profits you are then able to raise capital to improve the plant, which in turn gives you improved productivity, which brings you back to improved profits. It is a sort of circle.

With respect to legislation in this regard we have to ask ourselves: Is it going to improve the total investment picture in Canada? How will it affect our forest industry and our plywood industry? On the positive side, I think the Canadian plywood industry, in spite of the problems I have outlined, has a great deal in its favour, and certainly great potential. We have the raw materials, of course, and these are well managed. We are not running out of forests, but we have not gone nearly as far as we can in reforestation in the way of putting in new species and that type of thing. Our forests are a source of perpetual yield if they are managed properly. The industry, I think we would all agree, is second to none in the world as far as experience, expert knowledge and management are concerned.

Canada's geographical position gives us an advantage with respect to trading with the European Common Market, the United Kingdom—which is where we ship most of our plywood and a great deal of our lumber to—and the Pacific Rim countries. We are in a strategic position for shipping from both sides of our country. Another thing in favour of this industry is that, considering all the industrial funds spent in Canada, it is one of the better performers with regard to research. Canadian industry generally has not shown up very well against the performance of some of the OECD countries, but the forestry industry is not too badly off in that regard.

One of the things I would mention at this point is an interesting development in wastewood chips—methanol—which is being worked on right now as part of Canada's development. If this works out, it will mean 40,000 new jobs for Canadians, and save us $800 million a year on imports of crude oil for gasoline, and so on. Apparently it is feasible in Brazil. They have a pilot under way using sugar cane. We think we can do that with forest wastes. We feel there is great potential for this, if we get encouragement where it is needed.

Another thing to bear in mind is the importance of the forest industry—plywood and lumber, and pulp and paper—as a strong earner of foreign exchange for us. One of the things that the federal government can do—and nobody else can do it—is make sure the tariff situation is rectified. The federal government recently lowered the mortgage interest rate so that the Central Mortgage and Housing Corporation can encourage more residential housing starts, cooperative building, and institutional and non-profit buildings. That is having a helpful effect on the construction plywood industry. Several years ago—I have forgotten the date—the Council of Forest Industries cooperated with the Department of Industry, Trade and Commerce and set up demonstration projects in Japan to show the Japanese that they could build with plywood. When the Japanese change their building code we will have a great deal more trade in that direction. That will be very good for the industry.

Honourable senators, I do not think I need to go on at length about this. I just wanted to mention a few points for you to consider as to why an industry which is basically a free trade industry—which the Canadian forestry industry is—should want an exception to tariffs on plywood. The British Columbia forest industry would certainly support more liberalization of tariffs. They find tariffs an inhibiting factor in the export of more finished products. Immediately you drill a hole in a piece of moulding, for instance, you are into a tariff of more than 18 per cent if you ship it to the United States. This has been brought out very clearly in Senator van Roggen's Foreign Affairs Committee by a witness for B. C. Forest Products.

British Columbia strongly supports more liberalization of trade but—and here is the exception—only where Canada can be competitive internationally. I hope I have made it clear that where Canada cannot be competitive internationally is in plywood. If our negotiators in Geneva make sure that we retain the 15 per cent tariff, and work to get us back to parity, where we used to be before the Kennedy Round—and we should urge this upon them—I am sure that would be a very helpful step for an industry with great potential.

• (1430)

Senator Burchill: Honourable senators, may I ask Senator Bell if in her research into this question she has been able to discover the reason for the difference in the tariff, and why it came about.

Senator Bell: Senator Burchill, I am glad you asked that question, because since you spoke in December I have been trying to find out. Just before I entered the chamber today I was given the latest information on the matter. I was not speaking to the person directly, but the message I was given said, "In the case of plywood, even if I knew the exact answer in this case, I would not be at liberty to say because of the Official Secrets Act." This message came from someone who was present at that time and had some responsibility for our negotiations. I have not found the answer yet.

Senator van Roggen: Senator Bell, apart from a question I have to ask you, might I say that my best information—this is from my recollection of some time back—is that that five per cent was gratuitously given away by Canada on the theory that it would provide a lower cost for plywood in Canada, and thus a slightly lower cost for housing in Canada. That was a giveaway which is very difficult to justify in light of the present state of the plywood industry in this country. It was a gratuitous giveaway on a tariff item which would produce interesting results if it were ever applied to the manufacturing industry.

If I may, I should like to ask if you would not agree that there is absolutely no justification whatsoever for Canadian taxation policies, both federal and provincial, exacting a substantially higher level of taxation from the forestry industry than from the manufacturing industries, in view of the fact that the forestry industry in general takes almost all of its products to the furthest level of processing before they leave this country, and also in view of the fact that the forestry

industry is seriously in need of capital for modernization and is one of our biggest dollar earners.

Senator Bell: I agree with you one hundred per cent, Senator van Roggen, but one of the problems is that this is a resource industry and the province has every right to exact as much revenue from it as it can. Until the provinces and the federal government get together and see to it that the industry is at least on a par with the manufacturing industry in terms of taxation, this sad situation will remain. Like the mining industry, the forestry industry may be squeezed almost out of existence if there is no cooperation.

Senator van Roggen: It will be the next healthy industry to become unhealthy because of what can only be described as an unfortunate lack of appreciation, by both provincial and federal governments, of the worth to this country of our great resource industries. I am sorry. That is not a question; it is a statement.

On motion of Senator Robichaud, debate adjourned.

AGRICULTURE

"KENT COUNTY CAN BE SAVED!"—A COMMITTEE STUDY INTO AGRICULTURAL POTENTIAL OF EASTERN NEW BRUNSWICK—DEBATE CONCLUDED

On the order:

Resuming the debate on the inquiry of the Honourable Senator Argue calling the attention of the Senate to the Report entitled: "Kent County Can be Saved", a study into the agricultural potential of Eastern New Brunswick, of the Standing Senate Committee on Agriculture, which was appointed in the last session of Parliament and authorized in that session, without special reference by the Senate, to examine from time to time any aspect of the agricultural industry in Canada, tabled in the Senate on Tuesday, 16th November, 1976.—(*Honourable Senator Michaud*).

Senator Michaud: Honourable senators, I would ask that Order No. 1 on the Orders of the Day for Tuesday, March 15, 1977, be brought forward and placed on the Orders of the Day of this date.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

Hon. Hervé J. Michaud: Honourable senators, following three years of in-depth study on this situation of agriculture in eastern Canada, in the province of New Brunswick, and in Kent County in particular, the Standing Senate Committee on Agriculture submitted its report entitled "Kent County Can Be Saved!". That report was released on September 29 last, in the morning in the Senate in the form of a press conference presided over by Senator Argue, and in the afternoon in Moncton in the presence of different groups concerned and local media. I personally presided over the ceremony in Moncton, with Senator Margaret Norrie and Senator Michel Fournier (Restigouche-Gloucester) at my side. The results were immediate, with requests for the report increasing day by day from all parts of the country. Of course, the province of New Brunswick is the area where interest was highest. Governments, farming organizations, education centres were among the many in the province anxious to get it.

Both national and local media also gave it a favourable reception. Here is what the Moncton daily *L'Evangéline* wrote about it on October 6, 1976:

> The Senate of Canada does not have a good press these days and several people awaited with skepticism the famous Standing Senate Agriculture Committee report. Well, those people had a nice surprise when they read the report entitled "Kent County Can Be Saved!". That Senate committee has just produced a valuable, interesting and very well documented report.
>
> That report is original from several standpoints. First, it does not fear to assess objectively both the weaknesses and the good aspects of federal and provincial programs to develop the county's primary resources. Second, after outlining the seriousness of the situation the report emphasizes the extraordinary potential of the area that remains undeveloped. It points out, for example, that in the eastern New Brunswick counties alone, that is Gloucester, Westmorland, Kent, Northumberland and Albert counties, there is a food market with an annual value of $200 million which for a very large part has yet to be claimed by the area's farmers. Third, the report proposed as an overall solution the creation of a Kent County Development Association made up of local people to coordinate all development efforts in the county. That could ensure a better allocation of the high amounts of money now being earmarked for the development of the area.
>
> There are other positive aspects. The report places much importance on the human aspect in all development matters. A whole chapter deals with the history of the county, its origins and the Acadian culture of the major part of the county's population.
>
> The Senate committee draws two clearcut conclusions: Kent county has a very rich land, good for a large variety of commercial production, and the market is there. But producers should be given some organizational, financial and technical help.
>
> In short, this report should be seriously studied as it is a bank of relevant information and makes a whole variety of valuable suggestions—
>
> (Signed) The Editors.

Following the publication of the report "Kent County Can Be Saved!" the two professional farm associations of the county, the French-speaking farmers' association—FAFAM—and the English-speaking farmer's association—FARM—agreed to sensitize the farm population to the various dimen-

sions of the report recommendations. So, during this winter many meetings were held to this end in the various farming centres of the area.

In a letter sent to the committee chairman, Senator Argue, on January 4, the chairman of FAFAM wrote:

Honourable senator:

First, the Fédération agricole de l'archidiocèse de Moncton would like to thank you and all members of your committee for the interest you have demonstrated in the last three years for the situation of farming in southeastern New Brunswick and particularly in Kent county.

We also wish to commend you for the excellent report "Kent County Can Be Saved!" that you published and distributed a few months ago.

This report is now being studied by our federation. This study consists in a series of meetings with farmers and other interested people of the area where we discuss the multiple recommendations of the report.

To date, there were three meetings, one in Buctouche, one in Rogersville and the third in St-Louis de Kent and two or three other meetings are scheduled. Among the comments made during meetings, those which seem to dominate by their number and by the urgency which they expressed are, first, statements about their nearly total lack of informed leadership among the agricultural population of the area; and second, expressions of belief in the urgent need for a technical training program for present operators, and especially in the need for agricultural science courses to train replacements for present operators.

Naturally, pessimism, frustration and other negative attitudes always come up. Some people think "another study that will bring no result", "a futile exercise", etc. However, there now seems to be some hope that someone is finally getting seriously interested in the future of agriculture in Kent.

In any event, the leaders of our federation believe that it would be unfortunate not to take advantage of this opportunity to make the whole population of the area aware of the many development possibilities raised by the data and the recommendations contained in your report.

(Signed) Emery Bernard, Chairman,
Zoël Arsenault, Secretary.

In another letter, dated February 10, the same association, FAFAM, wrote the following:

Dear Senator:

In reference to our letter of January 4, we would first like to give you a brief report on subsequent meetings.

At Cap-Pelé, on January 20, the farmers emphasized the need for a strong organization of producers (marketing boards, etc.), for agricultural teaching at several levels and for a demonstration and research farm.

At St. Joseph de Memramcook, on January 25, the same themes were brought up. Moreover the lack of co-operation among producers was deplored and the sincerity and wisdom of governments in the development of policies concerning food product imports and agricultural grants and loans was questioned.

On February 8, we took part in a meeting of the Kent county English-speaking agricultural federation. We then gave a brief summary of our efforts since the publication of your report and we noted during discussions that those people have approximately the same reactions as the members of our own federation. Indeed, the discussion concerned mostly the lack of training, the need for co-operative structures and methods for production, marketing and the purchase of farm machinery.

These letters to the chairman of the Standing Senate Committee on Agriculture clearly show that farm associations in Kent County did a good job in piloting assiduously the study of this report.

However it would be unrealistic to believe that everything is certain and that the recommendations contained in the report are now implemented. On the contrary, it is in this context that the role of the federal and provincial Departments of Agriculture is essential if we do not want their recommendations to be forgotten.

On the visit of the Senate Committee on Agriculture in Moncton, in June 1973, *L'Evangéline* said the following:

• (1440)

It is a good thing that a Senate committee should hold public hearings to focus attention on a current issue. What senators would like to achieve is now the responsibility of the federal and provincial governments. Even the latter are not very concerned about the farmers' problems. The consulting physician is coming, but the patient may be dead already . . . And the surgeon—that is the governments—does not realize yet how serious the case is . . . It is hoped that the senators' proceedings in New Brunswick will be fruitful and will contribute to solve the problem.

It is now the responsibility of the federal and provincial Departments of Agriculture to carry on with a job so well started. The Kent farming community did its job in the first place, so it is now for the governments to take action.

• (1450)

[*English*]

Honourable senators, the concern for the future of agriculture in the rural areas of New Brunswick is what led the Senate of Canada to establish an inquiry into agricultural potential in New Brunswick and to the subsequent publication of "Kent County Can Be Saved!"

In New Brunswick, and more precisely in Kent County, we have what many consider to be the saddest story in the continuing episode of rural deterioration in Canada. Not many realize that the gross agricultural output in New Brunswick in 1976 was 20 per cent less than it was in 1939. All around the world the demand for agricultural land keeps going up with

growing world pressure on the food supply. Land sells at $500 to $600 an acre in Alberta; at over $2,500 an acre in Iowa, and at an even $100 an acre in Columbia, where annual farm income is $500 to $700.

While this is happening, here in eastern Canada we have an abundance of good agricultural land virtually being reclaimed by the forest. If ever the need was there and the time was ripe for agricultural development, it is now. And the place is New Brunswick. Yet, in New Brunswick alone there is a deficit of some 45 million pounds of beef annually, 27 million pounds of pork, and two million pounds of lamb. The only products that New Brunswick is self-sufficient in are potatoes, strawberries and blueberries. This was not the case in 1939, nor need it be the case today. But we have been told this before. It is not new. But what is new is that it is later than we think. We can no longer afford the luxury of waiting for tomorrow.

In "Kent County Can Be Saved!" we suggested that should agricultural development be given high priorities in New Brunswick, tremendous benefits could accrue to the economy. If we are allowed to suggest that a possible goal might be moving towards self-sufficiency for most commodities, our calculations show not only a strengthening of the rural base but a strengthening of the whole New Brunswick economy. If, for example, Kent County were developed to its immediate agricultural potential of some $12 million at the farm gate, the economic impact of this production would be felt throughout the region and the province, resulting in some $47 million in economic activity generated as it made its way to your dinner table. The resulting 2,700 jobs would return approximately $5 million by way of income tax to the governments annually. How large the potential impact might be if all New Brunswick agriculture was developed is not exactly known. However, readily available figures suggest that a tripling of this $47 million figure might be reasonable as a short-term goal.

Such analysis also strongly supports a case for the development of the agribusiness sector—for feed and processing especially. A strong rural base and a strong market can ensure long-term returns to business.

These are some of the findings our agriculture committee has reached in the course of our many committee sittings. May I, at this point, quote from editorials which appeared following the publication of our committee's report.

From the Fredericton *Gleaner* of October 1, 1976—"A Valuable Study":

> It is a valuable study, but its value will decrease each day the provincial and federal governments fail to take action to implement its findings.
>
> The arable land is here. We have people who want to farm it. Yet we must import meat, vegetables and fruits in tremendous amounts every year.
>
> Even more interesting will be the response of the provincial and federal governments.

From the Moncton *Times* of October 5, 1976—"Act on the Report":

> New Brunswick's Kent County must be one of the most studied parts of Canada. The latest examination of the very real woes of this poor county is the report prepared by the Senate Agriculture Committee.
>
> There is far more in the report, but this is not the place to repeat the shocking findings and the challenging recommendations. Suffice to say that for once there is apparently a change in approach, for which the Senate committee is to be commended. It is in its committee work that the Senate is frequently outstanding. In this particular case, the Agriculture Committee carried out its study and prepared its report and recommendations at the request of Kent County farmers. The initiative shown by the farmers and the hard work of the committee must not be wasted.
>
> Here is an unbiased report, compiled on request of people who have had more than their share of hard time.
>
> The federal and provincial governments ought to seize the opportunity presented and make Kent the model for a new deal.

Our Agriculture Committee feels confident that the recommendations embodied in the report, "Kent County Can be Saved!", can be of great assistance in solving the major problems affecting agriculture in eastern New Brunswick, and in Kent County particularly. This feeling is also shared by the local farming people. I have already read some of the letters to that effect sent to our committee chairman, Senator Argue, by the French-speaking agricultural association, FAFAM. A letter from the English-speaking agricultural association of that area, FARM, dated December 27, 1976, was also written to Senator Argue, expressing the expectations, as well as the impatience, of the members of that association with respect to the implementation of the recommendations of the report.

To conclude, I should like to quote two excerpts from the many excellent briefs presented to us when we attended the meetings in Moncton in June of 1973. The first is from a brief presented by Mr. William D. Denier, General Manager, Maritime Co-operative Services Limited. Those of us who were there and who have had the privilege of meeting Mr. Denier will be saddened to know that he has since passed away. Mr. Denier had this to say:

> Perhaps what most upsets the people of Kent is that there is a feeling in some places that agriculture should be written off in our area and all production moved to the areas with the so-called comparative advantage.

● (1500)

> We don't feel this is good enough in terms of people. In the hearts of many Kent County residents, people are being ignored and they are somewhat impatient with the preoccupation of economists and others with the two issues of comparative advantage and allocation of resources. These people tend to completely ignore human resources and we all know it is impossible to reduce the problems of Canada to dollars and cents, and economic models.

Mr. Harry Shorten, the Director of New Brunswick New-Start Inc., had this to say:

> Yes, there is definitely a future for agriculture in Kent County. I will go further than that. If we took advantage of all possibilities there are in the agricultural field in Kent County, I have no hesitation in saying that the general economic climate here would be at par with the rest of Canada.

Honourable senators, the farming population of Kent County region is asking for our support in its efforts to solve its many problems. Our committee is pledged to provide that assistance, and the committee will honour that pledge.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this inquiry is considered as having been debated.

CLERESTORY OF THE SENATE CHAMBER

APPOINTMENT OF SPECIAL COMMITTEE

Senator Connolly (Ottawa West) moved, pursuant to notice of Tuesday, March 8:

> That a special committee of the Senate be appointed to consider and report upon the question of the installation of stained glass windows in the clerestory of the Senate chamber;
>
> That the committee have power to send for persons, papers and records, to examine witnesses and to print such papers and evidence from day to day as may be ordered by the committee;
>
> That the committee have power to sit during adjournments of the Senate; and
>
> That the papers and evidence received and taken on the subject in the preceding session be referred to the committee.

He said: Honourable senators, perhaps I should say a word or two in explanation of the re-establishment of this committee. Originally, the Senate established the committee on January 22, 1975, during the last session of Parliament. The committee held eight meetings during which it heard evidence from officials of the Senate, former officials of the Senate, historians and artists. It heard particularly from artists working in stained glass and from people from the National Gallery.

Members of the former committee will agree that the witnesses who appeared before us gave us some excellent information and a great deal of help. Their evidence was of a high order indeed. I do not think it is too much to say that we had a good addition to whatever liberal education we might have had in the fine arts previously, because there were many solid discussions by experts on problems of architecture, painting, sculpture, stained glass and even tapestries as those topics might affect this chamber.

Each of those meetings was in itself a most interesting exercise for senators to attend. I believe the historians first captured our imagination more than anyone else, but as the members of the committee became accustomed to dealing with the subject matter, we certainly became more familiar with the problems at hand, which ultimately we will report upon.

Frankly, I had hoped that the committee would be re-established earlier in this session, but owing to circumstances with which you are all familiar that was impossible to bring about. I envisage two or three more meetings in this session and I would certainly hope that before the summer recess the committee will be able to report its findings to the chamber. I recommend the adoption of the motion.

Motion agreed to.

The Senate adjourned until Tuesday, March 15, at 8 p.m.

APPENDIX

(*See p. 477*)

THE ESTIMATES

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE
ON SUPPLEMENTARY ESTIMATES (D)

THURSDAY, March 10, 1977

The Standing Senate Committee on National Finance to which the Supplementary Estimates (D) laid before Parliament for the fiscal year ending March 31, 1977, were referred, has in obedience to the Order of Reference of Tuesday, March 8, 1977, examined the said Supplementary Estimates (D) and reports as follows:

1. In obedience to the foregoing the Committee made a general examination of the Supplementary Estimates (D) and heard evidence from the Honourable Robert Andras, President of the Treasury Board, and Mr. B. A. MacDonald, Deputy Secretary, and Mr. A. Morin, Assistant Secretary, Program Branch, Treasury Board.

2. Supplementary Estimates (D) will add $930 million to the total appropriations for 1976/77. This sum is in addition to the total amount of $749 million added previously through Supplementary Estimates (A), (B) and (C). The original Main Estimates for 1976/77 of $39,545 million have therefore been increased through Supplementary Estimates to a total appropriation for the fiscal year ending March 31, 1977, to $41,224 million. The original forecast made thirteen months ago that total federal expenditures for this year would not be allowed to exceed $42,150 million has been achieved.

3. Expressed in percentage terms, the total requirement of $41,224 million for 1976/77 represents an increase of 14% over total expenditures for 1975/76. This means that the current increase is within the target ceiling of the percentage increase in the nominal Gross National Product, a relationship which this Committee has long felt to be desirable. Further, the total Supplementary Estimates for this fiscal year represent an increase of 4.2% over the Main Estimates. This is well down from the comparable increase arising from Supplementary Estimates in 1975/76 of 9%.

4. Supplementary Estimates (D) contain statutory items in the amount of $436 million, almost half the total. The rest is accounted for by items to be voted. Some of the major items in the Supplementary Estimates (D) are as follows:

(a) Fiscal transfer payments, $396 million;

(b) Provision of additional funds to the Central Mortgage & Housing Corporation in order to change the corporation's appropriations from a calendar to a fiscal year basis, $155 million;

(c) Payment to Atomic Energy of Canada Ltd. to enable the corporation to pay outstanding interest on loans, $85 million;

(d) Payment towards purchase of 2,000 hopper cars in connection with Grains and Oilseeds Program, $71 million;

(e) Public Debt Charges, $65 million;

(f) Loan to Manitoba Hydro for additions to Nelson River Transmission System, $42 million;

(g) Payments to Province of Nova Scotia in respect of industrial energy conservation and oil substitution projects and a program of home insulation loans, $29 million;

(h) Deficiency payments to Interprovincial Pipeline Limited for calendar year 1976, $25 million.

5. The witnesses supplied the Committee with a list explaining 52 $1 items in these Supplementary Estimates (D). This list is attached as Appendix (A) to this report. The Committee was profoundly disturbed by the increasing number and complexity of these dollar items. Approval for 19 similar $1 items was requested in Supplementary Estimates (B) making a total of 71 separate legislative adjustments being effected in this fiscal year through the device of the supply bill. The Committee recommends that the continued and expanding use of this method of redressing inadequacies in basic legislation and in program planning by departments be vigorously scrutinized by the Treasury Board.

Respectfully submitted,

H. SPARROW,
Deputy Chairman.

(*Appendix "A" to the Report*)

LIST OF ONE DOLLAR VOTES

INCLUDED IN

SUPPLEMENTARY ESTIMATES (D), 1976-77

The 52 one dollar votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These one dollar votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Twenty-two votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Five votes which authorize the payment of grants. (An explanation is provided in Supplementary Estimates.)

C. Nine votes which authorize the deletion of debts, reimbursement of accounts for the value of obsolete stores and the reimbursement of a Revolving Fund for accumulated

deficit. (An explanation is provided in Supplementary Estimates.)

D. Seven votes which amend provisions of previous Appropriation Acts. (Additional explanations are provided in Appendix II.)

E. Nine votes which authorize guarantees or affect existing legislation. (Additional explanations are provided in Appendix II.)

Estimates Division
Treasury Board
March 2, 1977

(*Appendix I*)

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (D), 1976-77

PAGE	DEPARTMENT OR AGENCY	VOTE	CATEGORIES				
			A	B	C	D	E
8	Agriculture	15d				X	
8		20d	X				
12	—Canadian Dairy Commission	45d	X				
14	Energy, Mines and Resources	1d	X				
20	—Atomic Energy of Canada Ltd.	L45d				X	
22	—Eldorado Nuclear Limited	L62d					X
22	Environment	10d	X				
	External Affairs						
26	—Canadian International Development Corporation	30d		*		X	
30	Finance	1d			X		
42	Indian Affairs and Northern Development	25d			X		
44		70d			X		
48	Industry, Trade and Commerce	1d					X
52	—Export Development Corp.	77d					X
54	Manpower and Immigration	1d	X				
58		15d	X				
60		20d	X				
64	National Health and Welfare	25d	X				
64		30d		X			
66		50d				X	
	National Revenue						
68	—Customs and Excise	1d			X		
68	—Taxation	5d			X		
72	Post Office	1d					X
76	Public Works	10d	*				X
80		20d	X				
84		40d	X				
86		52d	*	X			
88	Regional Economic Expansion	10d		X			
90	—Cape Breton Development Corporation	31d	X				
92	Secretary of State	1d	X				
94		5d	X				
94		15d	X				
94		20d		X			
102	—National Museums of Canada	85d				X	

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (D), 1976-77

PAGE	DEPARTMENT OR AGENCY	VOTE	CATEGORIES				
			A	B	C	D	E
104	—Public Service Commission	105d			X		
	Solicitor General						
106	—Correctional Services	5d	*		X		
108	Supply and Services	L11d				X	
112	—Royal Canadian Mint	27d					X
114	Transport	10d	X				
116		20d	X				
116		25d	X				
116		30d	X				
120		40d				X	
120		52d					X
122	—Atlantic Pilotage Authority	65d	X				
124	—National Harbours Board	96d	X				
124		97d	X				
126	—St. Lawrence Seaway Authority	L116d					X
132	Veterans Affairs	5d			X		
132		15d	X		*		
134		30d			X		
134		35d	*	X			
136		45d					X
137		45d					X

(*Appendix II*)

ADDITIONAL EXPLANATIONS

CATEGORY D

AGRICULTURE

Vote 15d—To authorize the payment of commissions for revenue collection pursuant to the Western Grain Stabilization Act.

Explanation—Under the Western Grain Stabilization Act, producers participating in the stabilization plan pay levies (estimated at $350,000) into a Stabilization Fund. Agreement has been reached with the Western Grain Elevator Association with respect to rates required by the industry to carry out the levy collection from participating producers. Authority is requested to pay commissions to licensees and designated purchasers for the collection and remittance of levies from the participating producers.

Source of Funds—Vote 15—($349,999)—Funds are available due to reductions in minor capital purchases such as automobiles and laboratory equipment.

ENERGY, MINES AND RESOURCES—ATOMIC ENERGY OF CANADA LIMITED

Vote L45d—Authority is requested to amend the original loan authority for the Gentilly I project to include the payment of Quebec Sales Tax.

Explanation—No loan requirements were included in the Main Estimates for the Gentilly I Nuclear Reactor

project since the project was already completed. However, as a result of a court decision, the Corporation is now required to pay Quebec Sales Tax of $5,870,606 on the construction materials, heavy water, fuel and fuel equipment used in the project.

Source of Funds—Vote L45—($5,870,605)—Funds are available due to a slow down in the construction schedule of the Gentilly II and Lepreau generating stations.

EXTERNAL AFFAIRS—CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Vote 30d—To cancel non-lapsing authorities established under previous Appropriation Acts concerning the payment of grants, contributions and development loans and to authorize increased grants and contribution totalling $34 million.

Explanation—To repeal the International Assistance Account and to delete the non-lapsing provisions for International Food Aid Program and development loans, effective March 31, 1977.

In addition, funds are requested to provide for increased grants and contributions as follows:

(1) World Health Organization—$300,000 as Canadian support for the extension to 1978 of the Smallpox Eradication Campaign.

(2) Commonwealth Fund for Technical Cooperation—$350,000 as Canadian support to offset impact of devaluation of sterling and additional projects.

(3) United Nations Relief and Works Agency for Palestine Refugees in the Near East—$300,000 as Canadian support of the increase in the Agency's budget resulting from inflation, increase in recipient population and program growth.

(4) International University Exchange Fund—$50,000 as Canadian support for an extension to the Fund's program in Latin American countries as well as continuing assistance in Africa.

(5) Food Aid Assistance—$30,000,000 additional food aid assistance to Indonesia, Pakistan, Sri Lanka and other countries.

(6) International Emergency Relief—$1,000,000 to meet increased requests for relief and humanitarian assistance.

(7) UNICEF for Angola Relief—$2,000,000 for child relief in the form of supplies of blankets, soap, vaccines and school supplies.

Source of Funds—Vote 30—($33,999,999)—Funds are available due to reduced requirements for grants for bilateral and multilateral development assistance.

NATIONAL HEALTH AND WELFARE

Vote 50d—To authorize payments to provinces under agreements for the cost of certain services provided to young offenders and for payments to provinces to replace Canada Assistance Plan revenues lost due to the operation of universal nursing home care benefit programs.

Explanation—The services to young offenders and nursing home care programs were introduced in 1974-75. The authority for these services were not included in the 1976-77 Main Estimates; hence, this authority is required to provide for payments under the services to young offenders Agreement to cover costs where young offenders are under the jurisdiction of correctional authorities rather than welfare authorities and for nursing home programs where admission is not based on need.

SECRETARY OF STATE—NATIONAL MUSEUMS OF CANADA

Vote 85d—To authorize the Corporation to make purchases of objects for its collections.

Explanation—Authority is requested to enable the National Museums of Canada to carry on with the purchase of objects for the collections of the Corporation. These purchases, expected to cost $2.2 million, will be made under the Emergency Purchase Fund until the Cultural Property Export and Import Act is proclaimed.

Source of Funds—Vote 85—($2,199,999)—Funds are available due to the deferment of anticipated projects by the Corporation.

SUPPLY AND SERVICES

Vote L11d—To authorize the purchase, distribution and sale of publications and related items outside of the Government of Canada as part of the operations of the Supply Revolving Fund.

Explanation—This authority is requested to permit the sale of publications and related items by the Supply Revolving Fund outside the Government service. This authority was previously included under the Publishing Revolving Fund which is now being repealed in these Supplementary Estimates.

TRANSPORT

Vote 40d—To authorize the payment of deficits for ferry services between Yarmouth, Nova Scotia and the New England States.

Explanation—It is proposed to pay the deficits on a CN operated ferry service from Yarmouth to Portland Maine. Such a service became necessary particularly for heavy commercial vehicles, when the private operator decided to discontinue operations between Yarmouth and Portland during six off-season months. Authority is sought to serve New England States rather than specific ports to ensure operational flexibility.

CATEGORY E

Energy, Mines and Resources—Eldorado Nuclear Limited

Vote L62d—To authorize the Corporation to borrow up to $40 million by the issue and sale of securities in the private market.

Explanation—Authority is requested by the Corporation to borrow funds to finance capital expenditures through the issue and sale of interest-bearing securities in the private market. The Corporation does not have this authority under its existing legislation.

Industry, Trade and Commerce

Vote—To authorize:

(1) the payment of remuneration to members of the National Design Council;

(2) the entry into of an agreement to purchase leased trainsets; and

(3) to indemnify and save harmless the Canadian National Railway from any loss in connection with a railway project in Venezuela.

Explanation—To authorize the payment of remuneration to members of the National Design Council for their participation in council meetings, planning sessions and other related services, beyond the three mandatory council meetings, in the course of the implementation of Design Canada programs to improve and promote design.

It is also proposed that the Crown enter into an agreement with Bombardier/MLW to purchase at a cost not exceeding $9 million two trainsets in the event that AMTRAK, an American railway passenger agency, does not exercise their option to purchase the equipment under the present lease purchase agreement.

In addition, authority is requested for the Minister of Industry, Trade and Commerce to enter into a counter-guarantee to indemnify and save harmless the Canadian National Railway from any loss up to 30 million bolivars (7.5 million) which may occur under the terms of a bid bond issued in support of the bid made by the Canadian consortium Canaven Limited to participate in a railroad project in Venezuela.

Industry, Trade and Commerce—Export Development Corporation

Vote 77d—To amend the Export Development Act to increase the limits for insurance and guarantees in respect of Canadian exports.

Explanation—It is proposed to increase the limits of liability under the Export Development Act for insurance and guarantees from $750 million to $2,500 million under Section 26 (Corporate Account) and from $750 million to $1,000 million under Section 27 (Government Account). These increases are required to accommodate the demand for export credit insurance from the Canadian exporting community.

Post Office

Vote 1d—To amend the Olympic (1976) Act so as to permit the transfer of net proceeds from Olympic stamp sales after December 31, 1976, to the Olympic Account, Department of Finance.

Explanation—Although the sale of Olympic stamps for regular postal services was discontinued during 1976, Olympic stamps are contained in philatelic packages which the Post Office will continue to sell. Since the Olympic (1976) Act does not permit transfer of proceeds after December 31, 1976, authority is requested to amend the Act to permit the transfer of net proceeds beyond this date.

Public Works

Vote 10d—Authority is requested to amend the Public Lands Grants Act and the Public Works Act so as to permit the Minister to sell, lease or otherwise dispose of certain public properties and to authorize a transfer to this vote of $10,999,999.

Explanation—Since there is uncertainty as to the authority of the Minister of Public Works to lease property which is not surplus to Crown requirements, authority is requested to enable the Minister, notwithstanding paragraph 4 of the Public Lands Grants Act, and Section 39 of the Public Works Act, to lease Crown property at 240 Sparks Street, Ottawa and Place du Centre, Hull to private developers.

In addition, funds are required for increased operating costs of Crown-owned and leased buildings totalling $11,000,000.

Source of Funds—Vote 15—($10,999,999)—Funds are available due to delays in construction projects caused mainly by labour strikes.

Supply and Services—Royal Canadian Mint

Vote 27d—Authority is requested to amend the Currency and Exchange Act and the Royal Canadian Mint Act.

Explanation—It is necessary to amend the Currency and Exchange Act (which stipulates the content, size and design of Canadian coins) and the Royal Canadian Mint Act (which limits the production of coins to the "Coins of Canada") so as to permit the minting and issue of a $100 gold coins to commemorate the Queen's Silver Jubilee and to ensure that it will be legal tender. The amendments are required since the gold content will be less than the face value of the coin and it would not otherwise be considered a "Coin of Canada".

TRANSPORT

Vote 52d—To establish VIA Rail Canada Inc. as a railway company pursuant to the Railway Act, and to authorize it to enter into contracts for rail passenger services. Authority is also sought to authorize the Minister of Transport to (a) enter into contracts with VIA for the provision of selected rail passenger services and (b) share with railway companies the cost of assistance for workers adversely affected by discontinuation of some rail passenger services.

Explanation—The process of rationalizing rail passenger services now underway will entail discontinuation of some services and the operation of others on an improved basis. The Department of Transport has concluded that the effective management of the optimum rail passenger system requires a single entity which will be responsible to the government for the arrangement of rail passenger services. To achieve this rationalization, the following authorities are requested:

(1) To establish VIA Rail Canada Inc. as a railway company under the Railway Act.

(2) To permit the Company with the approval of the Minister of Transport to enter into contracts with any railway for the purpose of providing a unified management and control of rail passenger services in Canada.

(3) To authorize the Minister of Transport to enter into a contract with VIA Rail Canada Inc. with respect to:

(a) the provision, management or operation of selected rail passenger services so as to improve efficiency, effectiveness and economy,

(b) to reimburse the Company for the net cost of operating a contractual rail passenger service,

(c) to provide incentive payments for efficient operation of rail passenger services in accordance with the contract.

To authorize the reimbursement of a railway company for costs incurred in the provision of income maintenance benefits, layoff benefits, relocation expenses, early retirement benefits, severance benefits and other benefits to its employees where these costs arise as a result of the implementation of the provisions of the contract or discontinuance of a rail passenger service.

The maximum amount that may be paid annually under these provisions are not to exceed $240 million.

TRANSPORT—ST. LAWRENCE SEAWAY AUTHORITY

Vote L116d—To authorize the conversion of $624,950,000 of debt to equity.

Explanation—Authority is requested to convert the aggregate principal amount of loan indebtedness of the Authority to equity as at April 1, 1977. The St. Lawrence Seaway Authority has had insufficient toll revenue since 1959 to enable the Authority to make any repayment of capital costs. It is expected that this conversion will provide the Authority with a realistic financial base.

Authority is also requested to enable the Minister of Transport to fix from time to time the amount to be paid annually out of the Authority's toll revenue as a return on capital.

VETERANS AFFAIRS

Vote 45d—To amend the Public Service Superannuation Act so as to include certain persons as contributors to the Public Service Superannuation Plan.

Explanation—Authority is requested to permit Department of Veterans Affairs hospital employees to continue to be contributors to the Public Service Superannuation Plan even though they have been transferred to an approved employer by deeming such employer to be a Public Service Corporation for the purposes of the Public Service Superannuation Act as long as the Department of Veterans Affairs hospital employees are employed by the designated Corporation.

THE SENATE

Tuesday, March 15, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-35, to amend the Old Age Security Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Langlois: Honourable senators, with leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of operations under the Municipal Improvements Assistance Act for the year ended December 31, 1976, pursuant to section 11 of the said Act, Chapter M-16, R.S.C., 1970.

Copies of Regulations respecting the Acquisition of Canadian Business Enterprises and the Establishment of New Businesses in Canada under the Foreign Investment Review Act.

Report of the Textile and Clothing Board, dated February 14, 1977, on an inquiry respecting sheets and pillowcases.

Capital Budgets (2) of Central Mortgage and Housing Corporation for the year ending December 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970; namely, Loans and Investments and Furniture and Equipment, approved by Orders in Council P.C. 1977-579 dated March 3, 1977 and P.C. 1977-470 dated February 24, 1977, respectively.

CANADIAN BROADCASTING CORPORATION

INQUIRY BY CRTC—QUESTIONS

Senator Smith (Colchester): Honourable senators, I wish to ask a question of the Acting Leader of the Government in the Senate. The question is with reference to the inquiry that the CRTC, at the invitation of the Prime Minister, has undertaken to make into certain broadcasting activities of the CBC.

(a) Have any terms of reference for this inquiry been established by the government, by the Prime Minister or by the CRTC?

(b) If so, what are they, and

(c) If not, does the government intend to establish any such terms, or does the government intend to leave it to the CRTC to establish its own terms of reference, or to carry out the inquiry with no terms of reference?

Senator Langlois: Honourable senators, I shall take that question as notice.

Senator Smith (Colchester): As a supplementary, may I ask the Acting Leader of the Government:

> Has the government accepted the assertion of the Chairman of the CRTC in reference to this inquiry that the inquiry will only investigate specific complaints concerning the broadcasting activities of the CBC or its employees?

Senator Langlois: I shall also take the supplementary question as notice.

• (2010)

Senator Smith (Colchester): Perhaps I might be permitted, honourable senators, to ask another supplementary, to be taken as notice also.

In view of the recent assertions of the Chairman of the CRTC in reference to this inquiry that he had not, at the time of that assertion, received any specific complaints about the broadcasting activities of the CBC or its employees:

> (a) has the government or the Prime Minister received any such specific complaints, or has it or he any knowledge of such complaints;
>
> (b) if so, has it or he already placed those specific complaints before the CRTC, or will it or he do so; and
>
> (c) if not, will the government invite, seek or look for any such specific complaints so that the same may be placed before the CRTC for its inquiry, in line with the assertion of the Chairman of the CRTC?

Senator Langlois: This third question is also taken as notice, and I hope to be able to answer the three questions tomorrow.

Senator Flynn: Tomorrow? You are much faster than the Leader of the Government.

Senator Langlois: No comment. These are much simpler questions.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

Senator Hayden moved the adoption of the report.

He said: Honourable senators, this bill was considered in committee the other day, and a number of amendments were proposed by the Superintendent of Insurance. According to his statement at the meeting the contents of these amendments had been discussed with some of the groups, and some of the principal groups, that were interested in the subject matter of the two acts that were being amended, namely, the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

Ordinarily, because the amendments are technical and possibly might even be called housekeeping or tidying up amendments, it might not be considered necessary to go into them in detail. However, this is a Senate bill, and I know that in the past criticism has been voiced in the other place at times with respect to bills originating in the Senate. The usual complaint has been that the record has not always been full and clear. Do not think I am going to use that as a base to make a full or complete statement about these amendments tonight, but I think I may go so far as to say that I can make a clear one.

The first two amendments in the report, as printed in *Hansard* of last Thursday, deal with shares and changing their values. The intention was not fully expressed in the amendment contained in Bill S-3, but the purpose of the amendment is to make it clear that the par value of the shares of companies governed by the Canadian and British Insurance Companies Act may be changed to a par value that is lower or higher, depending on the percentage of shareholders who vote in favour of a by-law to do this.

The Superintendent of Insurance announced that the intention in due course—possibly in the next few years—would be to propose a further revision of these insurance acts, with the object of bringing the corporate clauses closely in line with the corporate clauses in the Canada Business Corporations Act. In the meantime, at the suggestion of those concerned with these insurance acts, amendments 1 and 2 were proposed to provide more flexibility for those companies which may decide to subdivide shares or to increase or lower the par value or change the classes of their shares.

Next I want to refer to amendments 5, 8 and 10, which also appear in *Hansard* of last Thursday. These deal with amalgamation, and the purpose of the amendment is to clarify the language used. The amendment provides that the earnings and dividends of the companies, as they stood before the amalgamation, will be attributed to the resulting company, after amalgamation is completed. It was called to the Superintendent's attention by people interested in insurance bills that there are some jurisdictions in Canada where as a result of an amalgamation there is no continuing company after the amalgamation. To avoid any confusion or difficulty, the amendment was proposed in terms which did not strike out the reference to the company continuing after amalgamation but added the words, "or formed as a result of the amalgamation."

There are two other amendments in the report that I want to refer to particularly, amendments 7 and 9. No. 7, which amends subclause 28(2) on page 36 of the bill, restores a subparagraph that was inadvertently omitted in the bill. It was intended that it be put in, and this is one of the amendments that the Superintendent of Insurance requested. The subparagraph in question has to do with a class of assets that are eligible for deposit by a British company to cover its Canadian liabilities. Amendment No. 9 applies to classes of assets that may be deposited in Canada by a foreign company to cover liabilities here. It is parallel to the amendment relating to subclause 28(2) for British companies.

There is an amendment to clause 10, which appears on page 13 of the bill. In dealing with the position of the valuation actuary who was to provide the valuation to the auditor, which the auditor was to include in the financial statements of the insurance companies, it was intended to make reference to two paragraphs in the Canadian and British Insurance Companies Act. The paragraphs would deal with reserves. Unfortunately, or inadvertently, only one of those paragraphs was referred to in the bill as it was presented to us. The other paragraph had to do with the reserves that must be provided in the case of sickness and accident policies, and in connection with provision for instalment payments and the liabilities under certain of these types of policies. The proposal then was to include in clause 10 on page 13 a reference to the second of these two paragraphs dealing with reserves; that is, paragraph 102(4)(b).

• (2020)

This just about deals with the subject matter of the report, except for one item. That item had to do with a provision in subclause 4(1) on page 4, giving Canadian insurance companies the right to invest in the government bonds of any foreign country in which the company is carrying on business. The Superintendent of Insurance explained that this did not give enough flexibility. He felt there might be good reasons why an insurance company that was not doing business in a particular foreign country might still wish to invest in government bonds of that country. He therefore suggested a more flexible wording. The more flexible wording did not involve the naming of any foreign countries and government bonds of those countries, but provided that those countries and the government bonds of those countries that might be eligible for investment would be prescribed by regulation.

This concludes the contents of the report. I hope I have not taken too long, but I hope I have done the second part of what I said I was going to do, which is to make it reasonably clear for those who have a background in insurance law.

Motion agreed to and report adopted.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (D)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance with respect to supplementary estimates (D) laid before Parliament for the fiscal year ending March 31, 1977.

Hon. Herbert O. Sparrow: Honourable senators, you have before you the report of the Standing Senate Committee on National Finance on supplementary estimates (D)—

The Hon. the Speaker: Is the honourable senator moving adoption of the report?

Senator Flynn: No; I think it is only to be considered.

Senator Sparrow: Yes.

Honourable senators, you have before you the report of the Standing Senate Committee on National Finance on supplementary estimates (D), which will add $930 million to the estimates for 1976-77. With the addition of $749 million representing supplementary estimates (A), (B) and (C), the total supplementary estimates for 1976-77 come to $1,679 million. The estimates for 1976-77 have, therefore, been increased from $39,545 million in the main estimates to a total of $41,224 million.

The President of the Treasury Board, who appeared before the committee, mentioned that the government's restraint target for this fiscal year, which his predecessor had predicted 13 months ago would result in an increase in the estimates of well below 16 per cent, had been more than achieved.

I have been concerned, as have some other members of the committee, about the size of the supplementary estimates and it is encouraging to note that the total of the supplementary estimates for this year has dropped considerably. In fact, the percentage increase over the main estimates comes to 4.2 per cent which is roughly half the percentage increase of last year.

For some years members of the committee have been pressing for the increase in federal expenditures not to exceed the increase in the gross national product. In December 1975, the Honourable Jean Chrétien, then President of the Treasury Board, appeared before your committee and indicated that this premise had become government policy, stating: "We would like as a general policy that the public sector should not take more out of the economy than is reflected in the gross national product." I was pleased, therefore, to learn that this year this goal had been achieved, in that the growth of government expenditures has kept within the growth in the nominal gross national product. It is to be hoped that this relationship will continue in the future, with a goal of reducing the per cent increase even further to endeavour to compensate for past high per cent increases.

Supplementary estimates (D) total $930 million, of which $436 million are statutory items, or approximately half the total. The remainder to be voted amounts to $422 million in budgetary expenditures and $72 million in non-budgetary items.

• (2030)

The largest statutory increase in these supplementaries is the $396 million in transfer payments to the provinces under the Federal-Provincial Fiscal Arrangements Act. On the voted budgetary side the largest single item is the $155 million to Central Mortgage and Housing Corporation in order to change the method of financing the corporation from a calendar year basis to a fiscal year basis.

Other substantial amounts being sought are $100 million in the energy sector for conservation and renewable resource development programs in Nova Scotia and Prince Edward Island, deficiency payments on the Sarnia-Montreal Pipeline, and additions to regional electrical connections in Manitoba; $71 million for a new purchase of 2,000 grain hopper cars, which will increase the fleet of those cars to 8,000; and $85 million for a debt write-off of interest due on the loans to Atomic Energy of Canada Limited for the prototype reactors at Douglas Point and Gentilly.

One area that has worried me as a member of the committee for some years has been the use of the $1 items in supplementary estimates as a means of authorizing the provision of funds for anticipated operating expenditures through the deferral of capital projects and making legislative adjustments through the device of the supply bill. I was therefore disturbed to note that there were 52 such items in supplementary estimates (D) which, along with 19 such items requested in supplementary estimates (B), makes a total of 71 separate legislative adjustments being effected this year by this means. I feel strongly that the continued and expanding use of this method of redressing inadequacies in basic legislation and in program planning by departments should be vigorously scrutinized by the Treasury Board, and a stop put to this practice, with the exception only of items of immediate and utmost urgency.

On motion of Senator Grosart, debate adjourned.

NORTH ATLANTIC ASSEMBLY

TWENTY-SECOND ANNUAL SESSION, WILLIAMSBURG, VIRGINIA, U.S.A.—DEBATE CONTINUED

The Senate resumed from Wednesday, March 9, the debate on the inquiry of the Honourable Senator McElman calling the attention of the Senate to the Twenty-second Annual Session of the North Atlantic Assembly, held in Williamsburg, Virginia, U.S.A., from 12th to 19th November, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. A. Hamilton McDonald: Honourable senators, when I adjourned this debate on Wednesday last, March 9, I had progressed to the point where I was congratulating Senator Austin on the report that he gave to this house with respect to his representation as a delegate from Canada at the recent conference in Paris of the Western European Union Assembly. I mentioned at that time that Senator Austin, judging from his report, had certainly represented Canada well. He covered many points which, had he not made that speech, I would have liked to have covered this evening, because his feelings and mine run a parallel course as far as the defence of Europe is concerned.

I wish to refer to one paragraph of his remarks which concerns the standardization and interoperability of military equipment in Europe, about which he said:

> As many honourable senators know, the Warsaw Pact nations have armaments co-ordinated by and, in large part, designed and made by the Soviet Union. They are thus standardized and interchangeable amongst all members of the Warsaw Pact. They have what is known in the military world as interoperability. Modern warfare is essentially mobile, and armed forces to be effective must be able to move freely over the battle area. That means that the Warsaw Pact countries can draw on one another's ammunition, and they now have compatible communications systems.

I suggest to you that the interoperability of the Warsaw Pact countries is much more complete than was outlined by Senator Austin. As you know, armaments for the Warsaw Pact are made in the Soviet Union itself or in some of its satellite countries. The design of the product is dictated by the Soviet Union. They not only have interoperability in communications and armaments; they have complete interoperability in repair and maintenance, and they have complete interoperability in fuel supplies, ammunition—the whole gamut. A tank from the Soviet Union can be serviced in any one of the Warsaw Pact countries.

This is not true of the western world or of the NATO forces. The fact that the NATO forces in Europe have not been standardized or made interoperable is costing an estimated $10 billion a year. The western world cannot afford this, and whether we like standardization and interoperability or not, we have no option. We are not able to match the forces that are being put in the field by the Warsaw Pact countries today or the equipment with which they are being equipped, so how on earth can we continue to waste $10 million a year on research and development on many of these same items?

I have two reports here, one of which is on the activities of the Subcommittee on European Defence Cooperation and which consists of 25 pages. Each page, one after the other, points out areas where we are repeating research and development, and even production, of items that never should be researched or developed at all. Why on earth should we be designing machine guns in seven or eight different countries? Why should we be designing air-to-ground rockets or ground-to-air rockets in virtually every country that belongs to the North Atlantic Treaty Organization?

The second report deals with the standardization of technical missiles. It has 51 foolscap pages, and 22 of them list the air-to-ground rockets or ground-to-air rockets available in NATO countries. How on earth can we afford the research and development involved in whatever number of rockets there are included in those 22 pages? I don't know.

The fact is that we cannot afford that research and development, and therefore, whether the nations like it or not, we have to insist that all members of the North Atlantic Treaty Organization cooperate with one another and divide the research among themselves on different articles of war. When a weapon that meets the satisfaction of the partners generally is produced, then all nations should buy that particular weapon.

We have moved somewhat in that direction in the last year or 18 months. As you know, the Europeans have now decided to purchase a replacement for their fighter aircraft in Europe. Several of them are buying the F-16, which the Americans are using in Europe. There is some unification or standardization with regard to tanks. As you know, Canada has purchased the Leopard tank, undoubtedly one of the finest tanks in the world. At one time it was hoped that the research, development and production of tanks in Germany could be combined with a similar effort in the United States. This has proved to be impossible. One of the reasons is the fact that the United States has now developed a gas turbine engine that is more efficient, has greater range and more horsepower, and does a better job than any diesel engine built so far.

But there is going to be some interoperability between the new XM-1 tank in the United States—the new class of tank that will come into being in the early 1980s—and the Leopard II. I say that because I understand there will be interchangeability of tracks, rollers, gun turrets, gun aiming equipment and red eye whih is used for night operation. This is going to mean that the tanks built in Germany will, to a large extent, be interoperable with those built in North America.

The committee known as the European Defence Cooperation Committee, a subcommittee of the Committee on Defence, has existed for some time. The problem they have run into is the fact that Europe imports so much of her armaments from the North American continent, and especially from the United States. It is impossible to bring about standardization and interoperability unless America and Canada take part in the work of this subcommittee. I am pleased to report that at the last Assembly meeting in Williamsburg two Americans were nominated and elected to the subcommittee, and I was fortunate enough to be nominated and elected as the Canadian representative on that subcommittee. It is my hope that Canadian industry can get its fair share. We are all aware that Canada manufactures few, if any, complete weapons, but we do have the capability to produce parts of weapons and certainly the electronic systems, and we must, of course, have our share of any market into which all of the NATO countries are putting their defence dollars.

● (2040)

Another aspect of the problem with respect to interoperability and the use of the same weapons in North America and Europe has to do with topographical matters which confront us in Europe vis-à-vis the North American continent, chiefly with respect to the sea and the air elements. In North America the distances involved in both the sea and the air are much greater than they are in Europe. Consequently, Canada is finding it difficult to adopt F-16 as a replacement for the F-104. The F-16 will do the job for us in Europe, but the experts tell me that it will not do the job required of an aircraft in Canada because of the great distances it is necessary to cover here. With these few exceptions, however, I look forward to—and undoubtedly we will have it—far greater standardization and interoperability in the very near future.

Senator Austin also went on to say that the NATO forces in Europe were outgunned, outmanned, outtanked and outplaned. He said it is doubtful that we could meet and deal head-on with a threat or an attack by the Warsaw Pact nations. He referred to the fact that the western powers might be called upon to use tactical nuclear weapons at an early stage of any such conflict. I do not believe that tactical nuclear weapons will ever be used, and I say that from the knowledge I have acquired from trips abroad and the opportunities I have had to see modern, conventional weapons being used in the field.

A war today with conventional weapons is unthinkable, but you cannot even dream of a war with atomic weapons. I doubt very much that in the circumstances which prevail today tactical nuclear weapons will ever be used. Back in 1948, when NATO came into being, the United States had overwhelming nuclear superiority. The United States could dictate to the Soviet Union and any other country, and no one would dare argue with her. But the Soviet Union, in a very short space of time, has achieved at least parity in both overall nuclear capability and tactical nuclear capability. Knowing that, how can any nation become involved in the use of tactical nuclear weapons?

But, despite the disparity in numerical strength as between the Warsaw Pact and NATO countries, I do not believe it is impossible for NATO to blunt a thrust into Europe or even to defeat the Russians. We have been led to believe by some military experts that an attacking nation needs three to five times as many guns, tanks and other pieces of armour as a defending nation. Well, I do not accept that, and I do not accept it because of the lesson we should have learned in 1940.

In 1940, when Nazi Germany moved into France, it was estimated that Germany had between 7,000 and 7,500 tanks. In actual fact she had 2,400 tanks. She had a few more in store, but she retired practically all of the Mark I tanks and many of the Mark II tanks in 1940 after her experience in Poland. But those 2,400 tanks, which moved from the Meuse to the English Channel in ten days, were faced by 3,100 tanks belonging to Britain and France. Of those 3,100 French and British tanks, 2,285 were modern, the equivalent of or better than those tanks available to Germany. Then, how did the German tanks move from the Meuse to the English Channel in ten days? They did so for the simple reason that the Germans were the people who brought into being what Senator Austin referred to as mobility. They were the people who invented the blitzkrieg. Unfortunately, France and Britain had learned few lessons from the First World War. They believed in a broad front; in defending a front all the way from Switzerland to the English Channel. But when the Nazis attacked, they attacked over a narrow front and penetrated so rapidly and forcibly through France that neither Britain nor France had the capability to meet that attack head-on or to pinch it off. We have learned many lessons since 1940, and the Germans are now on our side—thank God.

However, as in the last war, no army can survive in any new war without control of the air. Without mastery of the air, no army can survive. I suggest to you that no naval force can survive without complete mastery of the air either. Going back again to 1940, Germany had at its disposal 1,400 bombers while France had 175 and Britain had 220 stationed in France. That was not the entire British bomber capability but just those aircraft stationed in France. The 1,400 German bombers were opposed by a force of 395. The Germans had Stuka dive bombers, which virtually replaced artillery and they had 342 of those. France had 54 dive bombers, and Britain had none in France. The Germans had 1,000 fighters; France had 700, and Britain had 130 in France. Germany had 500 reconnaissance aircraft; France had 350, and Britain had 50 in France. The Germans had complete superiority in the air. That is another reason why the Nazi drive into western Europe could not be stopped. We did not have control of the air. If you do not control the air, then neither your land forces nor your sea forces can make worthwhile progress or even hold any ground they might have gained.

What is the picture with respect to the military balance between NATO and the Warsaw Pact? I have some figures for 1976-77. What about troops on the ground; combat troops in place? The NATO countries have 635,000 troops in Europe, while the Warsaw Pact countries have 910,000, and of those 620,000 are U.S.S.R. troops. What about support troops? The NATO countries have 540,000, while the Warsaw Pact countries have 395,000 and 155,000 of them belong to the U.S.S.R.

● (2050)

The point to remember about support troops is that the Russian and Warsaw Pact support troops are on the ground in eastern Europe. A large number of our support troops are on the North American continent, and I have grave doubts, if hostilities broke out, that we would have time to move men and, in some instances, equipment to Europe. So I attack with a grain of salt the figures of support troops because, in my opinion, we are comparing oranges with apples.

What about other comparisons? Let us consider battle tanks. Germany, during World War II, had 2,400 tanks when she moved into France and Belgium. The Warsaw Pact countries today have 19,000, not 2,400. We have 7,000 with which to oppose them. Of the 19,000 possessed by the Warsaw Pact countries, 11,000 are manned by troops from the U.S.S.R.

What about aircraft? I am speaking only of northern and central Europe; I am not including the southern flank or any other area. NATO has 185 light bombers, and the Warsaw Pact countries have 225, of which 200 are from the Soviet Union. What about fighters? We have 1,250, while the Warsaw Pact has 1,375, of which 950 are manned by the U.S.S.R. What about interceptors? We have 375, the Warsaw Pact countries have 2,050 of which 950 are operated by members of the Russian air force. We have 275 reconnaissance aircraft while the Warsaw Pact countries have 550 of which 400 are from the U.S.S.R.

Many other comparisons can be made, but those are some of the main elements. That is the disparity which exists in conventional forces.

Despite these figures, I do not believe that the Soviet Union has overwhelming superiority in central and northern Europe today. I believe that our equipment is much better; that our soldiers are as good as theirs, if not better. I believe we can rely on our comrades in Europe for their wholehearted effort, more than the Soviet Union can rely on some Warsaw Pact countries who are members not by desire but by force. I wish to emphasize that anyone who is foolish enough to attack NATO in Europe might win the war but would receive such a bloody nose and such a headache that he would wish he had never started it. I am confident of that.

British, German and French troops—and also Canadian troops, small in number as they are—are among the best soldiers, and form the best equipped of any army, in history. We should make no mistake about that. They are able to give a good account of themselves in any situation that might crop up in the foreseeable future. That does not mean that all of us should not make a greater effort, and I am happy at what Canada has achieved during the past year or 18 months in improving her forces both at home and abroad. Honourable senators are aware of what is happening in that direction.

I wish now to comment on the nations of western Europe in NATO. The nine European member countries of NATO have a combined population of 262 million people. The combined population of the member countries of the Warsaw Pact—seven countries—is 362 million people. Therefore, the Warsaw Pact has a 28 per cent advantage in manpower. But manpower does not tell everything. The gross national product of the nine European nations is $1,430 billion annually. The gross national product of the seven Warsaw Pact nations is $925 billion. In my view, what we lack in manpower we more than make up in our ability to produce goods and services as compared with the east European nations.

However, I do not believe that all member countries of NATO have made as great a contribution as they should to the defence of western Europe. If we have a 35 per cent advantage in material resources over an enemy, we ought to be able to look after ourselves. But western Europe has never been in a position to look after herself vis-à-vis the Warsaw Pact, and she is not in that position today.

It seems to me that the number of troops, particularly American troops, stationed in Germany today is too high. I do not believe that the North American continent has forever to make the effort which the Americans particularly have made since 1948. Canada now has only 5,000 troops in Europe. I wish we still had 10,000 but we do not. I believe it is to our advantage to keep at least 5,000 men and women in Europe, whether or not the Warsaw Pact threat disappears, because there is no finer training area in the world. People who train in the same area in which they may be called on to fight in the event of war are in a far better position to deal with a situation than those who train on the North American continent and who probably have never been to Europe. Therefore, it is in Canada's advantage to keep her troops in Europe and to increase the number if need be.

Senator Austin also informed us of the very dangerous position in which Europe finds itself because of energy supplies to that part of the world. He mentioned new facilities that are available because of the opening of the Suez Canal and the pipelines which have now been laid down to the eastern Mediterranean.

I do not believe that is a major problem concerning either the North American continent or western Europe. The West's consumption of oil today is great, but by 1985 it will be twice as great. Can we imagine, in eight years, being faced with the responsibility of moving that volume of oil, with the economic circumstances that it entails? In the first place, will the Middle East continue to produce the amount of oil needed to meet the demand? What will be the price if they produce it at all?

The opening of the Suez Canal was not nearly as much a benefit to western Europe as it was to the Soviet Union. A large percentage of our oil today comes around the Cape into the western Atlantic, and it then moves to North America or along the African coast into the Mediterranean to western Europe. For great distances along this tanker route we have little or no protection. The Indian Ocean itself is 4,000 miles long and 4,000 miles wide. America, or NATO, has the Sixth Fleet in the Mediterranean, but it is stretching one's imagination to think that it can maintain security in that area of the world as well as in the Indian Ocean.

• (2100)

To demonstrate what the Suez Canal means to Soviet Union, I would point out that normally there are 50 Russian vessels in the Mediterranean, but during the Yom Kippur war the number went up to 95. They can move those 95 ships from the Mediterranean through the Suez Canal and into the Indian Ocean in a very short space of time, and in a hell of a lot less time than it takes to go from North American shores to the Indian Ocean.

I suggest that we cannot protect these routes today, yet NATO has said that her responsibility ends at the Tropic of Cancer. I think that is very short-sighted. Unless we have access to Middle East oil I do not think we can sustain a peacetime economy in western Europe, let alone a wartime economy, and I think greater effort must be made by all the

member nations of NATO to put more troops, more ships and more aircraft in that area of the world.

To indicate what this route around the Cape means to the western world I would like to cite certain figures for 1972, which is the latest year for which I could get accurate figures. I have figures for each NATO country, but I am not going to give them all. In the month of February 1972, there was a grand total of 1,132 NATO freighters going around the Cape. In the same month there were 703 tankers, for a total of 1,835 ships. The freighters had a gross registered tonnage of 11,320,000. The tankers had a dead weight tonnage of 28,120,000. The tankers, when they move in one direction are empty, and when they move in the other direction they are full. That gives some idea of the importance of protecting those sea routes, not only in time of war but in time of peace as well.

Honourable senators, I suggest to you that that is one area of the world that is most vulnerable today. It is vulnerable because of the tremendous needs of the western world. If the supply of oil to Japan were cut off—and most of it comes from the Middle East—90 per cent of Japanese industry would be shut down. Seven hundred million gallons of Middle East oil per day go to Europe. Over the next decade it is estimated that that volume will increase by 450 per cent. Britain obtains 66 per cent of her oil from the Gulf states, Italy 84.5 per cent, France 51 per cent, and West Germany 62 per cent. The U.S.A. has only been receiving about 3 per cent, but it is estimated that her demand from the Middle East will go to at least 25 per cent. The dollar drain on the Western World for imported oil was $2.1 billion in 1970. By 1985 it will be roughly $13 billion. Therefore, we have a problem not only in wartime, but in peacetime as well.

I want now to refer to a military tour that I had the privilege of taking last May through the area called the southern flank—France, Italy, Greece, Crete and Turkey. In France we visited the naval harbour at Toulon. They have excellent facilities there for repair, maintenance and manufacture, but I am fearful. You must all have a memory of where the French navy wound up in 1940—scuttled in the harbour at Toulon. On one day around the end of last May, there were three French aircraft carriers in that harbour. One of them was for sale, and the other two, the *Foch* and the *Clemenceau,* do not have a single aircraft aboard. We were informed that they could go to sea in six days, but I think 60 days would be more accurate. How can you have barnacles the thickness of your hand on the side of an aircraft carrier and be prepared to go to sea? I have eyes to see with, I assure you. So much for the French navy in Toulon.

We visited an air force academy in Italy. I should not criticize our partners, but I think one has to from time to time. That air force academy in Italy appeared to be an establishment for the landed gentry, but wars have to be fought by people, whether they have titles or not.

I now come to some good news. At one point we were privileged to go aboard the *Nimitz*, the largest warship in the world and the largest aircraft carrier. This is a vessel of 96,000 tons. She has enough fuel aboard to enable her to stay at sea for 13 years without refuelling. She carries 84 aircraft, and can launch one every three seconds. In my view there is more striking power and more protection on that one ship than in a lot of areas throughout the southern flank. This aircraft carrier carries attack aircraft, radar aircraft, strike aircraft, fighter aircraft, and helicopters. Her main job is to put those aircraft into the air and to retrieve them if she can. I repeat, her main purpose is to get those aircraft aloft. When you get 84 of them into the air, somebody is going to have an awful headache. I think the power of such modern men-of-war is what it needed on a permanent basis, not just on a visitation basis, in the Indian Ocean.

We went from Italy to Greece, where we met the Minister of Foreign Affairs. In that country we had lots of conversation, but we did not see many signs of military equipment. However, the meetings with the Greek Minister of Foreign Affairs were very important for Canadians, because the Canadian delegation told him that Canadians were getting sick and tired of maintaining a peacekeeping force in Cyprus. We told him that they had been there long enough. We told him that the differences between Greece and Turkey should have been solved long ago, and our troops moved into another peacekeeping area, or back home or to Europe.

During our visit to Turkey we met the Minister of Foreign Affairs of that country, and he got the same message. I do not know whether we did any good or not, but I am convinced that they know exactly where Canadians stand. Canadians want to see action, and they want to see the problems between the Greeks and the Turks on Cyprus solved, so that they and other countries can return their troops home or send them to serve in other areas of the world.

We had a one-day stay in Crete. It was interesting for me to go to Crete, because I recall the part of that island where the Germans landed when they captured it in the last World War. Only a few miles removed from that area they now have a ground-to-air missile training school which is sponsored by NATO. I wish all the NATO countries would use those facilities because I think they are the best available to the western world but, because of political indifference and nationalism, only a few countries are now using them. However, they do have training facilities there for the Hawk missile and the Nike missile. They put on several demonstrations for us and, believe me, they worked. A German air force ground defence unit was there training on 20-millimetre cannon. I think Germany had the best ground-air defence of any nation in the world during the last World War, and I do not think they have lost any of their expertise. I can only repeat that I wish these facilities were being used by more members of the North Atlantic Treaty Organization.

• (2110)

I want to conclude my remarks by stating that we have virtually no procedure in the Senate by which we can talk to our defence people. We have no defence committee. The House of Commons has a single committee on External Affairs and National Defence, but it seems to me that the time has long past for the establishment of a joint defence commit-

tee. I do not believe it would be advantageous for the Senate to have its own committee. If there were a similar committee in each house, both would call the same witnesses and ask the same questions. There would be too much duplication. I would very much like to see an effort made to set up a joint committee dealing only with defence so that we could question our military personnel—and they should be questioned.

I have a copy of the estimates here for the fiscal year ending March 31, 1976, and I see that we have 74 generals in the Canadian Armed Forces today. We have one general for every 258.8 privates, and one general for every 624.5 privates and corporals. I wonder if the Canadian Armed Forces, which will consist in this fiscal year of 78,443 in total, needs 74 generals. I would like to have the opportunity to question those generals and ask, "What do you do? What are you responsible for?" I do not know what 74 generals do. The army certainly should not have much of a behavioural problem when there is a general for every 258 privates.

In my view—and I come to this conclusion not having had the privilege or opportunity to question the military people—we have too many officers and not enough men. We have too many civilians in the Department of National Defence, compared to the number of troops. How do I know whether I am right or wrong? I have no access. I hope, as I said a moment ago, that this can be changed.

The annual meeting of the North Atlantic Assembly will be held on Tuesday, May 3. At that meeting we will elect our officers for the next year. In the past senators have been good attenders at the annual meeting, but they could do much better. As I said when I adjourned the debate last Wednesday, no more important subject could possibly come before Parliament than the maintenance of peace in the free world. Each of us ought to play some part in supporting the peacekeeping of this world. If we do not, other problems become insignificant. A war today is unthinkable. The only way it can be prevented is by being prepared to fight. The only way we can do that is with the complete cooperation of the Senate, the House of Commons and the people of Canada.

Senator Lafond: I move the adjournment of the debate.

The Hon. the Speaker: It is moved by the honourable Senator Lafond—Senator Smith, do you have something to say?

Senator Smith (Colchester): I was going to speak, but Senator Lafond beat me to it. His motion is before the house so, of course, I yield to him.

Senator Lafond: By all means, if Senator Smith wants to address the house this evening, he may go ahead.

Senator Smith (Colchester): In the circumstances, I think it would be best if I simply yielded, as I said I would, to Senator Lafond, and speak at a later time, although my feelings were such that I wanted very much to intervene. I shall pay the penalty for being slow.

On motion of Senator Lafond, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: All remaining Orders stand.

Senator Forsey: Honourable senators, I understood with the Acting Whip that I would have an opportunity to speak for two or three minutes, only, on Order No. 8. I was perhaps misinformed or got confused. I don't know.

The Hon. the Speaker: It is agreed, honourable senators, that Senator Forsey may speak now on Order No. 8?

Hon. Senators: Agreed.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Norrie:

That the Standing Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventive measures relating thereto as may be reasonably expected to lead to reduction in the incidence of crime and violence in society;

That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry, and

That the committee have power to sit during adjournments of the Senate.—(*Honourable Senator Petten*).

Hon. Eugene A. Forsey: I shall not trespass long upon your indulgence. When this motion of Senator McGrand's was first debated, I was unfortunately absent, and it was only some time later that I was able to read the speeches and inform myself on the very important subject which it discusses.

I might add that before I read those speeches and examined the supplementary material which Senator McGrand was kind enough to provide me with, I was totally ignorant of the subject of this motion. I came to it, shall we say, not merely with an unprejudiced mind but with a completely vacant mind. After reading the information which has been supplied to me, I am most strongly impressed by the desirability of the action which Senator McGrand has suggested. I am reluctant to say that the sole cause of crime is the factors which Senator McGrand and Senator Norrie have set out in their speeches, and which are, as it seems to me, amply documented in the supplementary information I have had. I am always suspicious of a single explanation of any complex phenomenon, such as I think crime is, but it seems to me beyond question here we have sufficient evidence to warrant an inquiry by our committee on Health, Welfare and Science. An inquiry into this very serious matter—an inquiry which might conceivably lead to

very important action which in the long run, although perhaps not in the very short run, would greatly ameliorate our situation in regard to crime and which would, I think, also have a profound effect beyond the confines of this country if our committee did a thorough job, as I have no doubt it would, called the right kind of witnesses, put them under the proper kind of examination—could make a great contribution to the future welfare of this country and I suggest that it might also be a great contribution, indirectly, to the future welfare of other countries, as well, which face the same kind of crime problem as we do ourselves.

I therefore wish simply to give my hearty support, for what it is worth, to this excellent initiative of Senator McGrand's. I rather gather that it may not get very far at this session, but I hope that if it does not, he will repeat his proposal in subsequent sessions. They say that constant dripping wears away a stone. Perhaps constant efforts on the part of Senator McGrand and those who support him in this initiative, will produce an effect on public policy in this country.

On motion of Senator McElman, debate adjourned.

PROVINCE OF QUEBEC

AREA AND BOUNDARY—INQUIRY ANSWERED

Senator Carter inquired of the government, pursuant to notice of December 22, 1976:

1. What is the present area of the province of Quebec?

2. What was the area of the Province at the time of Confederation?

3. How is the present boundary of Quebec defined?

4. What changes have been made in the boundary of Quebec since 1867?

5. What are the instruments and authorities that gave effect to these boundary changes?

(*Answered by Senator Perrault on March 10, as follows:*)

The Department of Energy, Mines and Resources reports as follows:

1. 594,860 square miles.

2. No figure can be given for the area in 1867 because the northeasterly part of Quebec (Canada) was undefined, being adjacent to Newfoundland Territory in Labrador and this was described only in vague terms in the governing instruments. The official definition and location of the Canada-Newfoundland boundary later became the subject of dispute and was only settled in 1927 following joint referral to the United Kingdom. In 1867, apart from this undefined territory, the northerly boundary of Quebec followed the watershed of the Hudson Bay and St. Lawrence drainage basins.

3. (a) The entire boundary with the United States has been demarcated under the terms of the treaties of 1783 and 1842 and is maintained by the International Boundary Commission.

(b) The boundary with Ontario is defined by the Canada (Ontario Boundary) Act, (Statutes of U.K., 52-53 Victoria, 1889) except for the St-Lawrence River-Lake St-Francis section. This portion (about 30 miles long) is as described in Statutes of Canada 14-15 Victoria, C. 5, 1851 and 16 Victoria, c. 152, 1853. The precise location is still being negotiated. The straight line portions of the boundary have been demarcated.

(c) The boundary with New Brunswick is defined by Statutes of the United Kingdom, 14-15 Victoria, c. 63, 1851 and 20-21 Victoria, c. 34, 1857. The straight line portions have been demarcated.

(d) The boundary on James Bay and Hudson Bay, Hudson Strait and Ungava Bay and with the Northwest Territories is described in Statutes of Canada, 2 George V, c. 45, 1912.

(e) The boundary between the Provinces of Quebec and Newfoundland was formerly the boundary between the Dominions of Canada and Newfoundland. This was settled constitutionally by the Judicial Committee of the British Privy Council in 1927. Canada and Newfoundland agreed to this boundary in their Terms of Union, confirmed by Statute of the United Kingdom, 12-13 George VI, c. 22, 1949.

(f) The province also includes the Magdalen Islands, by virtue of the Quebec Act, 1774, and Anticosti Island, by the Labrador Act, 1825.

4. (a) In 1898 the western portion of the northerly boundary of Quebec was extended northerly from the Hudson Bay watershed line to the Eastmain River and the branch thereof issuing from Patamisk Lake, thence following the parallel of latitude 52°55′. (The changed made at the same time to the eastern portion of this boundary was nullified by the 1927 decision on the Canada-Newfoundland border).

(b) In 1912 the northern boundary was extended further to the shores of James Bay, Hudson Bay, Hudson Strait and Ungava Bay extending easterly to Newfoundland territory.

5. (a) Statutes of Canada, 61 Victoria, c. 3, 1898.

(b) Statutes of Canada, 2 George V, c. 45, 1912.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 16, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of exemptions authorized by the Minister of Transport under section 134 of the Canada Shipping Act in cases where no master or officer was available with required certificate and experience, for the year ended December 31, 1976, pursuant to section 134(2) of the said Act, Chapter S-9, R.S.C., 1970.

THE ESTIMATES

MANPOWER DIVISION OF DEPARTMENT OF MANPOWER AND IMMIGRATION—REPORT ON REVIEW OF RECOMMENDATIONS OF NATIONAL FINANCE COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to table the report of the Standing Senate Committee on National Finance which was authorized to review the recommendations of the committee report on Canada Manpower appointed in the last session and tabled in the Senate on October 19, 1976.

I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceeding of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, pp. 512-530.*)

Senator Everett: With leave of the Senate, I would ask permission to make a brief statement in explanation of this report.

The Hon. the Speaker: Leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Everett: Honourable senators, in examining the estimates, the Standing Senate Committee on National Finance, in addition to its normal examination of the blue book, has embarked over the years on two separate types of hearings. One is an economic study. The first report that we issued arising out of an economic study was the report on Growth, Employment and Price Stability. The second type of hearing is a detailed examination into the operation of departments and programs of government.

Our first study in the latter area was on Information Canada; our second one, completed in August, was on Canada Manpower. At present we are involved in a study of the operations of the Department of Public Works. What we are doing, in fact, is a form of zero-based budgeting of continuing programs of the departments of government. It is interesting to note that the Standing Senate Committee on National Finance is the only area of government in which this kind of examination of continuing programs is carried on. The cabinet does not do so, because of time constraints; the Treasury Board only examines in detail new programs or new major departures in existing programs; the Auditor General is only allowed to examine the implementation of policy and is precluded from making comments on policy itself. The House of Commons, of course, is constrained both by time and by its partisan atmosphere. The Standing Senate Committee on National Finance is therefore the only area of government that is making this kind of study, resulting in reports such as this on Canada Manpower.

The question is often asked: How effective are these reports? In other words, are they implemented? When we issued the report on Canada Manpower we decided that we would follow up with the minister of the Department of Manpower and Immigration to see what recommendations his department would agree to implement. We met with the minister yesterday. There had been a hiatus because the minister is a new minister and we had to give him time to get to know his department. Incidentally, he said that one of the ways in which he got to know his department was by reading the report of the Standing Senate Committee on National Finance.

The committee, in examining the report and its recommendations with the minister and his officials, found to its delight that the minister has agreed to take action on 52 of the 56 recommendations. In the course of the meeting the committee found that the department will implement the bulk of the report. I would suggest that this may be unprecedented in the production of a Senate report, and perhaps even in a royal commission report. Of course, we will be following up with the minister and his department over a period of time how well they actually implement our recommendations. But, as I say, it may be unprecedented that the department has agreed to follow almost entirely 56 recommendations contained in a report of 141 pages. A few minutes ago I tabled the minister's statement and the detailed comments of the department on each one of our recommendations. This document will appear as an appendix to today's *Hansard*, but I would just like to quote from the minister's statement, as follows:

I believe that the Senate Report on Manpower contained a very comprehensive description of the way we operate, how we can do our job and how we can do a better job.

That is precisely what our committee wants to do in examining the estimates of government departments. In our examination of the Department of Public Works, and in any future examination of departmental estimates, we intend to give a comprehensive description of how the department operates, how it does its job and how it can do a better job.

Honourable senators, on behalf of the committee and its competent staff, I am extremely gratified that the recommendations contained in our report on Canada Manpower have had such acceptance by the Department of Manpower and Immigration.

CANADIAN BROADCASTING CORPORATION

INQUIRY BY CRTC—QUESTIONS

Senator Flynn: Honourable senators, I thought that last night the Acting Leader of the Government said that he would have a reply today to the questions posed by Senator Smith (Colchester).

Senator Langlois: Honourable senators, I have always been an optimist but very likely I was too much of an optimist last night when I said I hoped to be in a position to answer Senator Smith's questions today. However, as soon as the Senate adjourned last night I set the wheels in motion to get this information, but I had overlooked the fact that some of the information sought by the honourable senator had to come from sources outside government circles. This is why I have not been able to secure all the information necessary to give a complete answer to the senator's three questions, but I am still endeavouring to get this information before we adjourn this week.

Senator Flynn: If you succeed, it will put you way ahead of what the Leader of the Government was ever able to do.

• (1410)

CANADIAN AND BRITISH INSURANCE COMPANIES ACT FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—THIRD READING

Senator Langlois moved the third reading of Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

Motion agreed to and bill read third time and passed.

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING

Hon. Frederick William Rowe moved the second reading of Bill C-35, to amend the Old Age Security Act.

He said: Honourable senators, I have here, as you would expect, a formal statement which I intend to make in connection with the second reading of this bill. Before doing so, however, I should like to say that it is a distinct pleasure for me, as I am sure it will be for other senators, to consider a bill that without any doubt signifies an improvement to our old age security legislation. Some of you, I am sure, followed the debate which took place on this legislation in the other place. I have taken the time to read the entire debate, and also the committee proceedings.

Several points stand out. This proposed legislation met with unanimous approval in principle in the other place and, indeed, I believe in most details. The only real criticism that I could detect was that offered by several honourable members, in particular the honourable member for Winnipeg North Centre, Mr. Stanley Knowles, that the bill does not go sufficiently far and they would like to see it include provisions for universal old age pensions at the age of 60, with an increase in the statutory payments.

Senator Flynn: What else is new?

Senator Rowe: However, apart from that, he, along with, I believe, all members of the other place, agreed with this bill. That, I am sure, is a source of satisfaction to us here, although we do not necessarily have to follow that example.

I should like to say also that this bill has been described by some as being complex. It would be complex, I suppose if we were to spell out the infinite number of detailed cases that could arise under its provisions, but perhaps that is something we can look forward to doing to some extent when the bill is referred, as I presume it will be, to our own appropriate committee.

One other point I might make before proceeding with my formal statement is that when this legislation came under debate in the other place the honourable minister concerned prepared a letter and a question and answer sheet, which he had circulated to members before the bill was referred to committee. I have secured a sufficient number of copies of that letter to allow me to forward copies to all honourable senators, if it is their wish, either today or tomorrow in anticipation of our deliberations in committee at a later stage. The letter itself covers some of the questions which, I believe, would arise in the minds of senators. The usual procedure will be followed in committee consideration; namely, that there will be departmental officials present who will be able to enlighten the committee on some of the more complex details of the proposed legislation.

In speaking on Bill C-35, to amend the Old Age Security Act, I should like at the outset to emphasize certain points so as to get a clear understanding of what is intended. Persons now in receipt of an old age security pension would not be affected by the proposed legislation. Indeed, persons who are 25 years of age or over and residing in Canada, or who resided in Canada after their eighteenth birthday following the coming into force of the new regulations, would be able to claim their

pension at age 65, or later, either under the present regulations or the new regulations, whichever is to their advantage.

I assume from statements made elsewhere that the date that the government has in mind for the coming into force of the new regulations is July 1 of this year. It has been made abundantly clear by the minister that the officials of the Department of Health and Welfare will be given special instructions to see to it that applicants who are affected, or who may be affected in the future by this legislation, will be advised as to which will be more beneficial to them, the present regulations or the proposed regulations.

Two basic principles were followed by the Government of Canada in proposing these amendments. The government felt that persons now retired should not be affected and that the new rules should be fair to any future pensioners. Because the pension is universal and non-contributory and, under the proposed amendments, would be based exclusively on residence in Canada during a period of 40 years between the ages of 18 and 65, it appeared logical that 40 years should elapse before everyone is governed by the same set of eligibility rules. In this way, no one who is in the process of building entitlement to an old age security pension would be deprived of anything.

The need for a 40-year period flows from the fact that there are presently three eligibility criteria for a pension:

(a) 40 years of residence in Canada after age 18 qualifies an applicant, at age 65, for a full pension payable anywhere in the world;

(b) 10 years of residence in Canada immediately before commencement of the pension, normally between the ages of 55 and 65, qualifies an applicant for a full pension payable in Canada only; and

(c) each year of absence from Canada in the 10-year period preceding commencement of the pension can be made up by three years residence prior to age 54, producing a pension payable abroad in full when the applicant can satisfy a 20-year rule for export.

● (1420)

In order to claim the pension under this three-for-one provision, however, the applicant must reside in Canada for a complete year before claiming the pension. These are the present criteria.

It is important to bear in mind that a person who cannot at present fulfil any of these eligibility requirements is not entitled to any pension at all. It is an all-or-nothing situation. Under the new rules, partial pensions would be established and each year of residency in Canada after age 18 would have the same value, one-fortieth of a full pension. Thus 10 years of residency in Canada, after age 18, would be worth ten-fortieths of a full pension; 13 years would be worth thirteen-fortieths; 20 years would be worth twenty-fortieths, or a half, and so on up to forty-fortieths. It therefore follows that if a person was under 25 when the new rules come into force, he or she would have the opportunity to earn a forty-fortieths pension before retiring. Under the present rules a minimum of 10 years of residence would continue to be required for the payment of a partial pension in Canada, and a minimum of 20 years for payment abroad; that is, payment to someone who has qualified and who now lives abroad.

The proposed amendment would also authorize the inclusion of the old age security program in international agreements which would make benefits portable to and from countries with which Canada may negotiate agreements on a reciprocal basis. That is not possible under the present old age security legislation.

The central purpose of such agreements is to protect migrants who spend a portion of their working lives in more than one country. Such persons cannot always meet the minimum eligibility requirements of the mandatory social security programs to which they have contributed. In addition, most countries place explicit restrictions on the payments of social security benefits outside their national boundaries. Some pay benefits only to nationals and some freeze the benefits at the level at which they were when the beneficiary left the country. Others require minimum periods of residence or contributions or allow payment abroad only on the basis of a reciprocal agreement. I repeat that that is not possible so far as old age pensions are concerned. Social security agreements are designed to overcome such restrictions. This is accomplished by adding together periods of residence or contributions to determine eligibility under the programs of one or both countries. Once eligibility is established, each party to the agreement calculates under its own rules its share of the composite benefit payable, and pays it direct to the beneficiary.

Such countries as the United Kingdom, Italy, the United States and France, from which a large number of immigrants to Canada have come in recent years, have expressed an interest in having reciprocal agreements with Canada. Until now, however, we have had no adequate response because the OAS program, the building block of our retirement income system, at present lacks provision for it to be taken to the bargaining table. Further, the current rules, based as they are on an all-or-nothing principle and on three sets of residence requirements, make it impossible to relate the program to the corresponding ones of other countries which have provision for the payment of partial pensions and only one set of eligibility criteria.

The Minister of National Health and Welfare has made it clear that once Parliament has approved the proposed amendments the Government of Canada will be prepared to negotiate reciprocal agreements with interested foreign governments to remove duplicate coverage for the same period of work or residency and to make benefits portable to and from Canada and those countries. Such agreements would directly benefit a large number of immigrants to this country—especially those who have chosen to retire in Canada to be near their children and grandchildren—many of whom find their foreign pensions frozen at the level at which they were on the day they left their country of origin, and eroded by inflation and devaluation. It is expected that some 500,000—and this is, of course, an estimate only—500,000 residents of this country would thus eventually gain access to social security credits which they have

acquired overseas. Foreign benefits which are not now payable in Canada or not payable in their entirety will become available to them.

In conclusion I wish to touch briefly on certain other provisions envisaged in the proposed legislation before us and on related measures which the government has announced its intention to take.

Under the proposed amendments, persons receiving full or partial pensions will still be eligible in Canada for the income-tested guaranteed income supplement—which is generally referred to as the GIS—and partial pensions would be adjusted quarterly in line with increases in the consumer price index, as full pensions are at this moment.

The proposed legislation also includes a provision which will exempt family allowance benefits as income for the purpose of calculating an entitlement to the guaranteed income supplement and spouses allowances. It is estimated that some 10,000 grandparents and elderly persons will benefit from this change.

Several other amendments are being proposed to simplify the administration of the old age security program and to make it more consistent with the other two levels of the Canadian retirement income system, the Canada Pension Plan and private pensions. In addition to an active information campaign to convey the provisions of the bill accurately to the general public, the minister has announced his intention to continue efforts to keep members of Parliament fully informed concerning program developments and to reinforce the link which already exists between old age security regional offices and constituency offices by continuing to provide the latter with program information as was done during the initial phases of the bill.

The minister has also announced the government's intention to broaden the options feature under the GIS and spouses' allowance programs to provide compensation for reductions in Canada Pension Plan benefits and for cessation or reduction of alimony payments or of private carrier disability insurance payments. This will be accomplished through amendments to the old age security regulations which will provide for the new option provisions to become effective with the proclamation date of the present bill, which, as I indicated earlier, is likely to be July 1. Meanwhile, the possibility of adding other income items to the list used to determine entitlement to income-tested benefits under the OAS program will continue to receive active study by departmental officials. I am sure that some honourable members would like to have some of this statement elaborated on in committee when we have the officials of the department present to help us.

Honourable senators, I have mentioned the provisions of this bill which would create more equity within the old age security program itself and would render it more consistent with the other two tiers of the Canadian retirement income system. I have also described the advantages to be gained from international social security agreements whereby the government proposes, on a reciprocal basis, to protect the social security credits acquired abroad by residents of Canada and of which they are presently deprived in the absence of such agreements. It only remains for me to urge all senators to support the bill and thus pave the way for the government to move forward in the important task before it.

• (1430)

Hon. David A. Croll: Honourable senators, I wish particularly to speak on that aspect of the bill which affects spouses. Other portions of this measure appear to be acceptable. In mentioning spouses I have reference to the spouse who is able to receive supplementary benefits on a means test basis but who loses them on the death of a receiver of a pension who is 65 years of age or over. This is a very serious matter because it affects a great many people. In the other place, the government said that this provision affects 200 people per day. That statement surprised me, but nevertheless it stood up.

It would not have been necessary to include the provision dealing with spouses in the bill had the government implemented the recommendation concerning a guaranteed income made by the Special Senate Committee on Poverty, and contained in its 1971 report. Had that been done, we would not have today those heartrending conditions and harsh treatment which are affecting a large group of citizens. Moreover, if the government had accepted that recommendation in the report we would have abolished the welfare state by this time, saved millions of dollars, and preserved for people both freedom and dignity.

I therefore take this opportunity to say something about poverty and the guaranteed income recommended in the Poverty Committee's report, which is now six years old—or six years young, depending upon how we like to think of it. From a statement that I shall read in a few moments honourable senators will see that a guaranteed income will not be long in coming. The implementation of that recommendation is just around the corner. As a matter of fact, it is already knocking at the door. The evidence is clear, and I should like to read from *House of Commons Debates* of March 9, 1977, beginning at the top of page 3824—these words are important so I shall read them slowly—where the Minister of National Health and Welfare said:

> In the course of the social security review, we have proposed to the provinces a form of guaranteed income which would cover income support for those unable to work, whatever their age . . . It would cover those who are 59, 58, and 57 years old, as well as those between the ages of 60 and 65. We have proposed a program of income supplementation, a program to supplement the incomes of those still able to work and earn a living even though forced to downgrade their activities and earn a lower income than when they were active and in the prime of life. The provinces support this broad concept. We are looking at methods of implementing such a program. I hope that by the end of this year we shall have concluded reviews of techniques for administering such an approach. The provinces endorse this concept in principle. However, several provinces have indicated that they may not have

the resources in the next few years with which to provide such a program to their citizens.

We are considering if in any way we can speed up the implementation of this program, either by the provinces or through the federally administered income tax system. I suggest that this proposal would be the best solution to poverty in this country.

The following question was asked in the House of Commons on November 18, 1976:

Could the minister tell the House when the government will be in a position to implement a guaranteed annual income policy giving an appropriate income to the Canadian people who have to leave the labour market before being eligible for old age pension, and could he make a progress report on the negotiations with the provinces on this subject?

The answer given by Mr. Lalonde was as follows:

Mr. Speaker, the negotiations with the provinces ended in June last year and all provinces expressed support for the income supplement program; Ontario is the only province to reject this proposal; the other provinces endorsed the proposal either in principle or categorically.

Mr. Munro, the Minister of Labour, speaking at a meeting in the last two weeks, is reported to have said:

A guaranteed minimum income for every Canadian will be part of a social and economic package the federal government plans to implement after wage and profits controls are scrapped.

In discussing poverty it is always important to clarify just what we are talking about. Here we have the minister's statement on behalf of the government, and repeated by other ministers. It therefore becomes important that I should indicate clearly what I am getting at. In previous years I have placed on record information regarding the poverty line. I now ask permission to have an up-dated table of the Senate committee poverty line included as part of my speech at this time. I have sent a copy to everyone.

I seek this not so much for the members of the Senate, because senators have been exposed to the report over the years, but for those who take the time to read this in order that they might understand the report more fully.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

SENATE REPORT ON POVERTY

POVERTY LINE UPDATED—1976

Family Size	Senate Committee Poverty Line 1974	Senate Committee Poverty Line 1975	Senate Committee Poverty Line 1976	Economic Council 1976	Canadian Council on Social Development 1976	Statistics Canada (Revised) (Pop. 500,000 or more) 1976	Statistics Canada (Updated) 1976
1	$ 3,100	$ 3,490	$ 3,981	$2,759	$ 3,660	$ 3,787	$2,759
2	5,130	5,810	6,635	4,598	6,100	5,488	4,598
3	6,145	6,970	7,962	5,516	7,320	7,003	5,516
4	7,200	8,140	9,289	6,369	8,540	8,329	6,369
5	8,200	9,300	10,616	7,356	9,760	9,310	7,356
6	9,970	10,470	11,943	7,356	10,980	10,222	7,356
7	10,970	11,630	13,270	7,356	10.980	11,208	7,356
8			14,597	7,356	10,980	11,208	7,356
9			15,924	7,356	10,980	11,208	7,356
10			17,251	7,356	10,980	11,208	7,356

SENATE REPORT:

Poverty level set at 50 per cent of average Canadian family income adjusted to family size, making provision for inflation and gross national product.

STATISTICS CANADA:

Updated cutoff is determined by adjusting the low income lines developed in 1961 for increasing prices as reflected in Consumer Price Index.

Revised cutoffs are based on changing consumption patterns which now indicate that families who spend 62 per cent or more of their income on food, clothing and shelter (as opposed to the 70 per cent criterion used in the updated lines) are in straitened circumstances. These limits are also differentiated by size of area of residence. For example, using the revised limits, the Poverty Line for a family of 4 in 1974 ranges from $5,527 in a rural area to $7,601 in cities of ½ million or more people.

Senator Croll: There is no official poverty line in Canada. There are basically four poverty lines, arbitrarily defined by three independent organizations.

Statistics Canada's original poverty line was developed in 1961 and was based on 1961 knowledge of Canadian consumer spending patterns. Essentially, a family lives in poverty if it spends 70 per cent or more of its income on food, shelter and clothing. This was the poverty line used by the Economic Council in its fifth annual report in 1968, which recommended the study on poverty.

● (1440)

Statistics Canada developed a revised poverty line in 1973, which incorporated more recent knowledge of Canadian consumer spending habits. Essentially, according to this, a family lives in poverty, if it spends 62 per cent or more of its income on basic essentials. This poverty line also takes into account the fact that it generally costs more to live in large urban areas than in rural areas.

The Senate Committee poverty line is based on average Canadian family income, adjusted for income taxes paid as well as for changes in family size, and it indicates that a family is poor if its income is 50 per cent or less of the average Canadian family income.

The poverty line of the Canadian Council on Social Development is based on average Canadian family income adjusted for family size. In terms of this a family is poor if its income is less than 50 per cent of the national average.

To all intents and purposes, the Statistics Canada/Economic Council's poverty line is obsolete. First, it makes no allowance for family members beyond the fifth; second, the 70 per cent criterion for basic necessities is no longer based on an accurate picture of Canadian life. As the average family income in Canada has increased, the proportion spent on food, clothing and shelter has fallen. According to Statistics Canada's more recent spending surveys, the average family spends closer to 60 per cent of its income on essentials.

People often ask why a given report has not been implemented, or, if it is implemented, why it was not implemented sooner. As I will indicate to you in a minute, we are somewhat responsible for this state of affairs ourselves. Beginning in 1957, our success in the field of investigatory inquiries has been so good that everybody thinks these reports ought to act like instant coffee. People expect that the day a report is presented someone will say, "Fine, we will implement it." Unfortunately, it does not happen in just that way, and I will indicate to you why this is so.

Such things usually take time. We are by tradition gradualists. We have a record of taking measures, but we also have a tradition of never having repealed a welfare measure that we have once placed on the statute books.

I read to you slowly the statement of the minister, who said, in effect, "We will start with those who are out of the labour force, but we will also assist those who are in the labour force." Well, there is no one else left. That is the whole show. We do, of course, have guidelines.

Let me tell you why people expect so much from us. They do not give us much credit, but nevertheless they do expect a great deal from us. In 1957 the Senate changed its direction. It embarked upon a course of conducting investigatory hearings, and almost from the moment this policy was adopted it was productive.

The first Senate special committee was the one on land use. Those of us who were here at the time remember it well. It was as a result of the recommendations of that committee that ARDA, under the Agricultural Rehabilitation Development Act, was set up almost immediately.

Next came the Special Committee on Manpower and Employment, which was very successful, and it was as a result of that committee's recommendations that the manpower department almost immediately came into being.

After that came the Special Committee on Aging, which was an instant success. This committee recommended that the age for receiving the old age pension be reduced on a yearly basis from 70 to 65. The government implemented this recommendation. The committee also suggested that there be an additional income, and the government implemented that too. When one looks around today and realizes that the basic pension has been raised to $143.46 a month, that there is $100.62 available by way of supplement, and that the maximum total is $244.08 for a single person, one must concede that we have not done too badly.

Immediately after the Committee on Aging came the Special Joint Committee on Divorce. This was a very useful committee. Its recommendations were generally accepted and adopted, and as a result divorce was liberalized and humanized.

Then came the report of the Special Joint Committee on Consumer Credit and Cost of Living. It will be remembered that Mr. Ron Basford was one of the joint chairmen of that committee. Within a very short time after the committee presented its report he was appointed minister in charge of consumer affairs.

Senator Flynn: Was there any relationship between the two events?

Senator Croll: I thought there was a considerable relationship.

Senator Flynn: He did not stay with that portfolio.

Senator Croll: If you will take the time to read the report made by the Consumer Credit Committee some years ago, you will find that many of its recommendations have been incorporated in legislation, particularly that respecting labelling.

Next came the Special Committee on Mass Media. The report of this committee was an eye-opener for Canadians, and it has been a textbook in every one of our universities since it was published. It is the last word on the media in Canada.

Lastly, there was the report of the Special Committee on Science Policy. This was the result of leadership in a field that needed leadership—a field that was not too well understood. Indeed, it is not too easy to understand all the things that go on in it, and the committee undertook a difficult job. Nevertheless, the report has been recognized as something of value, and that recognition has come from people who have competence and who have devoted themselves to this work.

There is also, of course, the report of the Poverty Committee, and in all modesty I must say that this brought hope and dignity to many poor people while pointing the way out of poverty. Moreover, it has been the most successful report in parliamentary history. Beyond that there is not much I can say about it.

Senator Flynn: Unbelievable!

Senator Croll: However, people still keep asking why reports are not implemented immediately. Of course, you have to understand what is going on in the country.

Senator Flynn: Tell us.

Senator Croll: Insofar as social welfare is concerned, we began the century with the poor laws of Britain. That was all we had. We looked after one another then, and we continued in that way until 1927, when the old age pension came into effect. From 1927 on we built up the welfare system in bits and pieces, here and there, wherever we thought we needed it, until we came to 1952 when we introduced universality for the first time. That was a new step forward. We continued with universality, with a few lapses here and there, until 1977.

● (1450)

What do all of these things mean? Well, I took you from 1900 to 1927, and that is 27 years; from 1927 to 1952, which is 25 years; and from 1952 to 1977, which is another 25 years. That is the way these cycles had to run in order for us to mature. Nothing happens immediately. Do not forget that when we moved from the poor laws to welfare, it was a long step forward. When we moved over to universality, that too was a great step. We are now moving into the guaranteed income—part of it is already here—and that is also a very important step. These things do not just come easily.

The present problem, of course, need not have arisen, and no special allowance need have been necessary. We lawyers say that hard cases make bad law, and these are hard cases. We have provided for the spouse. When the husband or wife died, there was no provision at all for the surviving spouse. When we say, "You can go on welfare; there will be no destitution," we forget one very important thing, that welfare is a gift but a pension is a right. What we are doing now is harsh. I wish we did not have to do it, but we must do it in order to bring in the bachelor, the widower, and separated and divorced people, and see to it that they are treated justly and fairly. So, we get back to what we recommended originally, that need, not age, sex or marital status, is what matters. So long as we deal with all people on the basis of need, we are not likely to have that sort of problem. What has caused all the trouble is that there were gaps. What we have done in the past is fill gaps. We patched and put on band-aids. We had quick fixes here and there; nevertheless, they came apart. They seem to come apart more quickly now than before.

I thought that by putting the act into effect in 1975 we were doing something good. It turned out that it was not good, although up to a point it was. When you find something just will not work, there is nothing to do except correct it. In these circumstances, I think none of us will walk out of this chamber today without feeling a twinge of conscience about what we are doing, but that will lead us to say, "Well, let us correct this situation as soon as possible, and include those other people." Once we do that we get away from this business of computerized compassion, where they punch a button and get something. There has to be more to this business than computers. There has to be some heart in it. It is all right for the members of the other place to say, "Don't do this; you are cutting out these people." Well, in the short term I am sure that these people will win themselves "brownie points" but, in the long run, this will bring in other people who are not covered at the present time.

I only repeat what has been said by myself and others, that we are entering a new era—guaranteed income maintenance. We have the minister's word for it. When that time comes all of us will be glad. We are going to rid ourselves of a welfare system that is muddled, expensive, humiliating and unfair, and which has unfortunate effects upon welfare clientele. We need an effective income maintenance policy which will require less intrusion into the privacy of the individual person. It should be made clear—and the minister attempted to make it clear—that we will not be "piggy-backing" on the welfare and maintenance system. It will be an alternative. I do not say that we will have a perfect solution at the beginning—far from it—but it is beyond question at this time that there is support in the country for an income security system for those unable to earn an adequate income. This will bring about a cash floor under family income. That will be the next forward step in this country's social security system which, upon completion, will be as good as, and, in my opinion, much better than, anything else in existence at the present time.

Hon. Senators: Hear, hear.

On motion of Senator Bélisle, debate adjourned.

SCIENCE POLICY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Senator Lamontagne, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Special Committee of the Senate on Science Policy have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (1500)

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR— DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator McGrand that the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventive measures relating thereto as may be reasonably expected to lead to reduction in the incidence of crime and violence in society.

Hon. M. Lorne Bonnell: Honourable senators, in rising to support the motion of the Honourable Senator McGrand of December 2, 1976, I wish to state that he is to be congratulated for persisting in this worthwhile endeavour against many odds. He brought this matter to our attention on May 14, 1975, and again on December 2, 1976. In my view, the time has come when the Senate should stop and look, and listen to Senator McGrand.

Everything possible should be done to focus attention on the number of juvenile delinquents, the number of minimally brain-damaged children and the number of brain dysfunctions in this country. These matters should be brought to the attention of the public, to the attention of the government and to the attention of the Minister of State for Science and Technology so that funds can be made available to universities, medical schools, psychiatric post-graduate schools and other research institutions to ascertain whether there is any relationship between minimal brain damage at birth or in the early years of life—prenatal, perinatal or postnatal—that influences the mind of a child to the extent that it later could become a juvenile delinquent and, at a later stage, a hardened criminal.

Some years ago our police were not always careful in distinguishing between the diabetic who suffered from an insulin reaction and a drunk, even though both persons oftentimes display the same symptoms. As a result, the unfortunate and disoriented diabetic sometimes found himself in jail. Today, due to advanced training, and also after some false arrests, our law enforcement officers have become quite aware of the similarity in symptoms, along with the extreme difference in causation. It is rare for police officers today to arrest a suspected inebriate without first checking the possibility of a diabetes-induced disorientation.

According to a book entitled *Minimal Brain Dysfunction*, written by Joan Beck of the California Association for Neurologically Handicapped Children in Los Angeles, 20 per cent of our school age population suffer from undetected brain damage, better known as minimal brain damage or minimal brain dysfunction. She also noted that there is a preponderance of male children affected by minimal brain damage in the ratio of six to one as compared to females. Similarly, in the matter of juvenile delinquency, there is a preponderance of males. A survey carried out in California in 1965 demonstrated that four out of five juvenile delinquents in that state were males. A similar survey carried out in the same state in the same year showed that the ratio of males to females with minimal brain damage was six to one.

Just as we have trained our law enforcement personnel to recognize the problems of the diabetic, we should be interested in training them in recognizing the problems of children with brain dysfunction or minimal brain damage and in trying to differentiate them from other juvenile delinquents.

Although there is very little literature to suggest any relationship between brain damage and delinquency, there is no doubt that many youngsters who have some minimal brain damage or minimal brain dysfunction are often erroneously seen as juvenile delinquents. We sometimes see children who are hyperactive and hyperirritable, and who are constantly annoying their parents. We see children who sometimes exhibit temper tantrums, who strike back, destroy their toys or injure others, and in some cases this behaviour carries over into adult life. Frequently, in these individuals an abnormal electroencephalogram is found. Sometimes they even get epileptiform seizures, and sometimes disrhythmia in the electroencephalogram, all of which indicate abnormal brain activity.

The writings of Dr. Marvin Ziporyn, the jail psychiatrist of Cook County, Illinois, suggest that the convicted slayer of the eight student nurses in Chicago in 1966 had minimal brain damage, and that this brain damage played an important, although perhaps an indirect, part in the crime.

I do not say that all delinquents are brain-damaged, because that would be ridiculous. It would be even more ridiculous to suggest that all brain-damaged children are delinquents. But I do believe that in many cases of juvenile delinquency there well could be minimal brain damage or minimal brain dysfunction. Many children with minimal brain damage might have induced visual impairment, and unless this is recognized and treated in an adequate reading clinic it might well lead to frustrations and to drop-out from school.

I do not believe that in all these cases children drop out of school because of intellectual inability, but rather because of frustration with reading problems. In fact, many of them demonstrate average intelligence, and many score in a superior range. If, however, the youngster becomes a school drop-out, the road to the police station is clearly marked, and it is then an easy journey to the juvenile courts and finally to some sort of correctional institution.

I believe that we have reached the point at which we must do whatever is possible to find out the causes of crime in this country. I believe that there is a direct relationship between minimal brain damage at birth or in the first three years of life and juvenile delinquency in children. I further believe that there is a strong relationship between juvenile delinquency and criminal acts in later life. Therefore, if anything can be done through research to prevent or treat minimal brain damage,

whether it be prenatal, perinatal or postnatal, it should be done. In my view, there is a need for accurate statistics and information relating to births—information as to whether there was difficulty at birth, a vitamin deficiency before birth, a lack of oxygen immediately after birth, and whether the child suffered during the first three years of his life that might influence his future development.

● (1510)

The Senate of Canada has an opportunity to meet this challenge—a challenge, first, to inquire from the experts if, in their opinion, there is a relationship between minimal brain damage and juvenile delinquency. There is a challenge to the Senate to find out from the experts how a minimally brain-damaged child can be recognized by the proper juvenile authorities. There is a challenge to the Senate to stir up public interest, government interest and scientific interest and, perhaps, to add support to making funds available to universities, medical schools, research institutions and others so that they may find out why a boy of six becomes a criminal at twenty-six. When we consider the cost today of keeping criminals in penitentiaries for a lifetime, the cost of maintaining juvenile delinquents in correctional schools, and the cost to our society of young people growing up with untreated minimal brain damage, we must see that there would be tremendous savings to Canadian taxpayers if some of these problems could be solved at birth or immediately afterwards, and if those that could not be solved could, at least, be treated so that the children are able to function more effectively in this very complex society. It is possible that many of them can be saved from becoming juvenile delinquents or even criminals in later life.

With these few thoughts I would like to add my support to Senator McGrand's motion. I hope that it receives the full support of the Senate, because we can no longer sit and do nothing. The challenge is before us.

On motion of Senator McGrand, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, February 16, the debate on the consideration of the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

Hon. Daniel A. Lang: Honourable senators, at the outset I would like to express my personal appreciation, which I know is shared by all of you, for the remarks of Senator Forsey upon the presentation of this report. Certainly I wish to also express my appreciation to Senator Godfrey for his contribution. In Senator Forsey's case, I must say his remarks were, as usual, erudite, entertaining, enlightening and, of course, for those listening to the details they were certainly quite startling in their revelations.

Senator Forsey's is a hard act to follow in this debate, but I felt I should do so if only to underline the importance and significance of the work of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments. The co-chairmen of that committee are certainly to be congratulated for the work they have performed since their appointment, and so are the members of the committee from both this and the other place. They all deserve our praise and appreciation.

I noted that Senator Forsey in his remarks again disavowed his learning in the law, and I just wish to say that such disavowal rings very hollow with me. I believe I can safely observe that there is no non-lawyer in the country more learned in the law than our friend.

Hon. Senators: Hear, hear.

Senator Lang: I have generally a disinclination to join in a debate on a report of a committee upon which I have not served. However, as I said, I felt that because of the legalistic nature of that report, and the parliamentary and legal procedures involved in the matters under its consideration, I might be able to make some contribution, notwithstanding the fact that I am not a member of the committee. I had also some concern that to the casual observer the subject matter of this report might appear to be rather prosaic or tedious, and certainly legalistic. Those descriptions might readily apply, but I would like to disabuse anyone who, through seeing the report in that light, fails to understand the significance of its contents and, particularly, its importance to the maintenance today of parliamentary supremacy within our governmental system and the rule of law in our country.

The problems with which the committee finds itself faced are not unique to this country. In fact, they are reaching critical proportions in the United States, and certainly in the United Kingdom. It might be useful if I refer briefly to some observations that are current in the United Kingdom, the United States and here at home.

Only last November, the lead editorial in the London *Spectator* dealt with a report of a committee of the House of Commons concerning this very question of subordinate legislation, the proliferation of subordinate legislation and, indeed, the proliferation of legislation itself. This editorial basically urged the members of Parliament to take action on the report's recommendations, and, in part, stated:

> In our time, however, it sometimes seems that the sole business of politics is the passing of laws, and in the last ten years the activity has become increasingly febrile. An average of fifteen hundred pages is now added to the statute book each year; frequently there is no time to consider increasingly complicated modern legislation thoroughly; even more frequently, as we observed last week of legislation in the field of social welfare, parliamentary bills encapsulate political ideals that, quite simply, cannot be achieved by passing laws. As Mr. John Peyton, the Shadow Leader of the House of Commons—with his characteristic ability to call a spade a spade—

observed last week, many of those extra fifteen hundred pages make up "an indigestible mass of verbiage."

I would suggest to honourable senators that that observation could apply to much of our legislation in Canada and to most, if not all, the subordinated legislation which flows from it, not only in the federal system but in those of the provinces. The editorial proceeds to express its great concern with respect to the complexity of modern legislation and the poor drafting which seems to be becoming increasingly prevalent. It goes on to say that the House of Commons is simply incapable of coping with all that modern government loads upon it, and quotes Lord Denning's remarks which he made in recent judgments concerning the imprecision of modern legislation. So, the problem in England is not unlike that with which we are faced here.

● (1520)

In the United States, it becomes even more magnified. There is a very interesting short article in the current *Forbes* magazine, which was quoted by Senator Macnaughton in the Banking, Trade and Commerce Committee this morning and which I think is worth repeating in this chamber. It says:

> An army of 100,000 regulators is to be found in 11 departments, 44 agencies, and 1,240 boards, committees, and commissions of the federal government. Armed with over 6,000 official forms, they comprise, in effect, a fourth branch of government unforeseen in the Constitution. Their administrative decisions and regulations now number in the *trillions,* according to (former) Treasury Secretary Simon. Although such rule-making affects every American, it is virtually immune from scrutiny by the Executive Branch and increasingly beyond effective control of Congress . . .
>
> It is estimated by White House experts that regulation resulted in added costs totalling $130 billion in 1975, which is more than $600 for every man, women and child in the United States. The Government Accounting Office calculated that $60 billion was sheer economic waste because the regulations were *defective*! The complexity and verbosity of government regulation is a source of constant amazement. Consider that the Lord's Prayer contains 56 words; Lincoln's Gettysburg Address has 268 words; and the Declaration of Independence includes 1,322 words. But a government regulation on the sale of cabbages requires 26,911 words.

Honourable senators will recognize that malaise. Today at home we have been seeing reaction among knowledgeable people to our own problems, and probably no more authoritative a source could be found than the present Chief Justice of Ontario who, on being inducted into that office, took the occasion to say certain things. I quote from the *Globe and Mail* as follows:

> The federal government and the provinces are straining the courts by passing a lot of unnecessary legislation, Ontario's senior jurist said yesterday. Willard Estey, sworn in as Chief Justice of the Ontario Supreme Court, used the ceremony at Queen's Park to raise the issue . . . Chief Justice Estey said that legislatures "have been hyperactive" and are "cranking out any and all kinds of legislation, whether it is needed or not."

That comes from a source which certainly has been subjected to the pressures that this type of legislation puts upon our judicial system and, I might say, that pressure is no less hard on the parliamentary system.

Recently in the *Canadian Bar Journal* a Canadian corporate lawyer wrote:

> A recent study paper prepared for the Canada Law Reform Commission estimates that the federal statutes alone create 20,000 criminal or quasi-criminal offences. A similar number exists in provincial statutes . . .
>
> In the face of this mass of regulations, no man should any longer be presumed to know the law. Such laws are enforced by an army of civil servants whose livelihood consists in enforcing them, regardless of the insignificance of the contravention or the absence of damage . . .
>
> There were more public statutes in the 1950 Revised Statutes of Ontario than were passed by all the parliaments of England up to the middle of the nineteenth century.

So, honourable senators, I think this might paint some background to the task, the formidable task, facing the Standing Joint Committee on Regulations and Other Statutory Instruments.

In the words of the report itself, the committee's primary function is to maintain watch on the subordinate law made by delegates of Parliament. In its very simplicity, that statement belies the vast scope and complexity of the activities of the committee and the volume of legislation, both primary and secondary, with which it has to deal.

Historically, it is interesting to note, Canada has come only very recently to recognize the necessity for some form of statutory supervision over subordinate law. In the United Kingdom, recognition of the necessity to create a committee of Parliament to deal with this problem first came, I believe, in about 1948, and the equivalent steps were taken in Australia some time during the 1950s. I must add that Ontario itself has been equally tardy in coming to grips with this problem, but that it did in 1971 with the passage of the Statutory Powers Procedure Act and the Judicial Review Procedure Act.

The experience in other jurisdictions has clearly shown that any mechanism set up by Parliament to supervise subordinate legislation, and the exercise of delegated powers under statutory instruments, of itself is no panacea to the problem. It takes years before the effectiveness of those mechanisms can be brought to some sort of an acceptable level, and our committee, as you know, has only been in existence since 1972. It now faces, and will continue to face, what was experienced in other jurisdictions during the start-up of these procedures, namely, the reluctance on the part of the bureaucracy to accept the audit and restraint procedures that are brought to bear upon it. They will also initially, and I feel still do, suffer

from the failure of Parliament itself to appreciate the importance of this activity.

By way of background, I should like to draw to the attention of the Senate a small book that was published, I believe in 1928 or 1929, in England by Lord Hewart entitled *The New Despotism*. I know many honourable senators will be familiar with it. It was certainly a bible when I was an undergraduate in law school. I wish in many ways this book was compulsory reading for anyone contemplating a career in the public service, and certainly absolutely compulsory reading for any lawyer contemplating a career in the Department of Justice.

Lord Hewart perceived the danger early, and at a time when the problem was arising in a post-war England. There was then a proliferation of new statutes dealing with social matters, particularly social welfare matters and new taxation structures.

His introductory remarks are still worth quoting and, in so many ways, are as germane today as they were when he wrote them. He says at page 17:

> Writers on the Constitution have for a long time taught that its two leading features are the Sovereignty of Parliament and the Rule of Law. To tamper with either of them was, it might be thought, a sufficiently serious undertaking. But how far more attractive to the ingenious and adventurous mind to employ the one to defeat the other, and to establish a despotism on the ruins of both . . . .It is manifestly easy to point a superficial contrast between what was done or attempted in the days of our least wise kings, and what is being done or attempted to-day. In those days the method was to defy Parliament—and it failed. In these days the method is to cajole, to coerce, and to use Parliament—and it is strangely successful. The old despotism, which was defeated, offered Parliament a challenge. The new despotism, which is not yet defeated, gives Parliament an anaesthetic.

● (1530)

Honourable senators, I think some of the characteristics of some of the trends that Lord Hewart mentions there will be easily recognized in our own system. He also very accurately dissects the bureaucratic mentality, and some of its characteristics are referred to in what he calls the "creed of the bureaucrat", and it goes like this:

> 1. The business of the Executive is to govern.
>
> 2. The only persons fit to govern are experts.
>
> 3. The experts in the art of government are the permanent officials, who, exhibiting an ancient and too much neglected virtue, "think themselves worthy of great things, being worthy".
>
> 4. But the expert must deal with things as they are. The "foursquare man" makes the best of the circumstances in which he finds himself.
>
> 5. Two main obstacles hamper the beneficent work of the expert. One is the Sovereignty of Parliament, and the other is the Rule of Law.
>
> 6. A kind of fetish-worship, prevalent among an ignorant public, prevents the destruction of these obstacles. The expert, therefore, must make use of the first in order to frustrate the second.
>
> 7. To this end let him, under Parliamentary forms, clothe himself with despotic power, and then, because the forms *are* Parliamentary, defy the Law Courts.
>
> 8. This course will prove tolerably simple if he can: (a) get legislation passed in skeleton form; (b) fill up the gaps with his own rules, orders, and regulations; (c) make it difficult or impossible for Parliament to check the said rules, orders, and regulations; (d) secure for them the force of statute; (e) make his own decision final; (f) arrange that the fact of his decision shall be conclusive proof of its legality; (g) take power to modify the provisions of statutes; and (h) prevent and avoid any sort of appeal to a Court of Law.

Senator Flynn: May I ask the honourable senator a question? Is he sure the officials of the Department of Justice have not read that?

Senator Lang: From the committee's report, I think I can safely confirm that they have not, but they have learned the techniques.

Senator Flynn: I think they have certainly read the last part of it.

Senator Lang: Well, honourable senators, in fairness I should mention that Lord Hewart does point out that in the British civil service—and, of course, it is true in our own—there are many, many public officials struggling within the system who reject completely the creed that I referred to, and indeed are probably quite aware of the mischief being perpetrated around them and are feeling quite helpless in their struggle to change the trends.

Each year, as honourable senators will realize, the work of this joint standing committee will be increasing. It will increase as the volume of legislation increases or continues to increase as it has over the past 10, 15 or 20 years, but, not only that, it will increase as the subordinate legislation flowing from those laws increases exponentially. To make matters worse—and I think I do not hold this opinion uniquely—over the past 10 years and certainly during the period since I came to this chamber the quality of legal draftsmanship has been seriously declining.

I now turn for a few moments to the report itself. As I do not wish to go over again the ground so ably covered by Senator Forsey in his address, I will deal only with a few of the highlights and some of my reactions to matters discussed in the report, particularly in relation to those forces the committee is finding itself pitted against in carrying out its mandate. Senator Forsey made an excellent précis of the report, but the report itself is a fine, full, detailed and almost legal document. I would urge every member of this chamber to read it in order to learn the details, the substantive details, contained therein.

The very nature of the subject matter of this report makes it difficult to convey to a lay person; it is not easy to convey it to

someone who is just familiar with constitutional legal procedures and parliamentary procedures. What I consider to be even more difficult to convey is the ever-present danger that this report highlights, the ever-present danger to our parliamentary system. The disregard for the basic concept of the supremacy of Parliament and the rule of law that appears in this report is tragic. Whether this disregard is wilful or springs from ignorance of these principles I cannot judge, but in any event it certainly signals to me a real and present danger.

Notwithstanding the frustration that the committee obviously has experienced over the past couple of years, particularly in the lack of cooperation and in what I call legal obfuscation and, perhaps, downright ignorance—notwithstanding those frustrations the report itself is couched in a moderate and judicial tone, and it enumerates in detail matters of the utmost concern to all Canadians, and particularly to those of us in Parliament.

What I am really afraid of is that what is revealed in this report is merely the tip of the iceberg, and that somewhere in the dark recesses of our federal bureaucracy and unbeknownst to us there are being ground out and formulated regulations, directions, bulletins and orders which we will never learn about, which will never be published even in the *Canada Gazette*—all of it the very real stuff of governing a country—and we will not be near it. And I am terrified, too, that from this report I must deduce that many of these directives, memorandums, regulations, rules, *et cetera*, are made without any basis in law.

● (1540)

Fundamentally, the committee is concerned with the following four abuses:

First, the exercise of bureaucratic authority over and beyond the powers granted by Parliament under a particular piece of legislation. This, of course, is referred to as a question of the *vires* of the regulations. Senator Forsey himself dealt with it at some length, and there is an excellent treatise on the matter in the report itself.

Secondly, the committee is concerned with the exercise of bureaucratic authority by persons other than those to whom power was delegated by Parliament. This offends the legal maxim *delegatus non potest delegare*. There is a very real reason for that maxim and its enforcement because Parliament, in entrusting powers to designated persons or bodies, is relying upon them, their judgment, and their expertise in carrying out their powers, and not upon someone that delegated authority might feel could assume it from them and discharge it equally effectively.

Thirdly, the committee is concerned with the exercise of bureaucratic authority under a pretended power of dispensation, that power neither being granted by statute nor having any constitutional basis in the exercise of the royal prerogative.

Finally, the committee is concerned with the exercise of bureaucratic authority pursuant to votes in appropriation acts. These votes define and redefine the power to spend in ambiguous and confusing terms. They are carried forward, altering the original purpose—in fact, legislating through distortion of those votes and justifying that exercise or abuse as having been condoned or authorized by Parliament. In a very real sense Parliament is losing its control over the spending power through misuse of these procedures in appropriation acts.

I am not sufficiently familiar with how these procedures work to speak intelligently on them. I know that the Standing Senate Committee on National Finance is aware of this problem and is doing its best to check the abuses which the joint committee has discovered.

The report enumerates many instances where these principles have been disregarded. I will not duplicate the report by mentioning any of them this afternoon. However, I should like the Senate to remember, when reading that report and the enumeration of those abuses, that the statutory instruments being examined by the joint committee are only those issued since January 1, 1972. It boggles the mind to think of how many statutory instruments and regulations were issued before January 1, 1972 and which are still in full force and effect, contravening the same principles as those with which we are dealing today, and no doubt many of them are in existence without any legal basis.

Even more serious than that concern—and that is serious enough—is the concern over the obstructionism that the committee has encountered in the course of its investigations, and I am afraid and sad to say that it appears clear from the report that most of that must be laid at the feet of the Department of Justice.

Honourable senators are aware that the full title is "Department of Justice and the Attorney General," and that the minister is both the Minister of Justice and the Attorney General of Canada. I am going to suggest this afternoon that perhaps the root of this problem facing the committee may well lie in the combination of those two offices in one minister and the inclusion of both functions in one department. I submit that such a combination is conceptually wrong and that the distinction between the office of Minister of Justice and that of the Attorney General is being lost.

Most honourable senators will recall the high honour historically accorded to the Ministry of Justice in this country, and the distinction that the office conferred on its holder. I think we would have to confess that that status is dwindling. I am afraid that today the holder of that office, rather than being, as he should be, the champion of the rule of law, is becoming increasingly more concerned in justifying and enhancing the function of Attorney General.

It is almost mortifying for me to stand here today and have to remind people that the prime responsibility of the Ministry of Justice is to ensure that the administration of public affairs is carried out in strict accordance with the law. The secondary—I repeat, the secondary—responsibility is to advise the Crown—I do not say department, but the Crown—upon all matters of law referred to it. That responsibility must be carried out in the most dispassionate, impartial and judicious manner possible.

The Ministry of Justice in our system is, or should be, the assurance to all that the government, in every respect and from cabinet minister to the most lowly bureaucratic or administrative official, carries out its responsibilities in strict accordance with the law. It is the minister's responsibility primarily to ensure the rule of law in this country.

Let us compare that function with the function of the Attorney General, which is to advise heads of departments upon all matters of law connected with such departments and to regulate and conduct all litigation for or against the Crown.

Honourable senators will see immediately that there are two distinct roles in the department. While the Department of Justice is responsible to see that the government obeys the law, the Attorney General regulates and coordinates all litigation for and against the Crown. The one function is quasi-judicial and the other is merely that of an ordinary lawyer.

While the Department of Justice advises the Crown on matters of law referred to it, the Attorney General advises heads of departments upon all matters of law connected with such departments. I think it is only fair to assume that in so advising, the Attorney General might advise as to steps to be taken to avoid the law—I did not say evade it—or to observe it in a technical sense only, both, I presume, in the interests of bureaucratic expediency. While the Minister of Justice, on the one hand, advises the Crown in their mutual interest—namely, assuring the rule of law in all our public bodies—the Attorney General advises departmental heads as an ordinary solicitor would advise his client. That these two functions are combined in one department under one minister, in my opinion, denigrates the role of Justice and submerges it in that of the Attorney General.

● (1550)

While I have dealt, honourable senators, at some length with this matter, I think you will forgive me for so doing if you read the report itself. I think perhaps the report would be more understandable if for the words "Minister of Justice" you substituted "Attorney General". In many instances, the committee has found itself in an adversary position. It could only find itself in an adversary position with a legal adviser of a department, if that legal adviser was acting in his capacity as a functionary of the Attorney General. Where is the Minister of Justice? In assuring that the administration of public affairs is in accordance with the law, the Minister of Justice's responsibilities are completely concordant with the objectives and the mandate of the joint committee. One would assume that the Minister of Justice would welcome the existence and the work of this committee and would support its work—that he would nurture the committee and assist it in every way possible—for, in fact, the committe is carrying on a function for which the Ministry of Justice primarily exists.

Senator Forsey referred to what he called "recorded messages". These are replies to queries by the committee and directed to various departments and which, naturally, because the matters are of a legal nature, are generally answered by legal counsel to that department, whom I think in many cases are seconded from the Department of Justice. To these queries has come the reply, "To answer that question would involve giving a legal opinion, which I am not permitted to do." Another tactic mentioned in the report itself is a device used by legal department advisers, namely, falling back on the confidentiality of a solicitor-client relationship as between the legal adviser and the department in question.

Honourable senators, in my opinion, these two pleas or replies have validity only if the lawyer in question is acting as a functionary of the Attorney General. If, in fact, he is a functionary of the Minister of Justice, then they have no validity at all. I might also point out that the solicitor-client privilege is not the privilege of the solicitor; it is the privilege of the client. The client is the one who is completely free to waive that privilege at any time he wishes to do so.

I suggest that here we see a conflict of interest when these two roles—that of Minister of Justice and Attorney General—are combined in one department and under one minister. I am afraid that if this situation persists, either in the physical combination or in the attitude of mind of these officials, much of the work of this committee will be frustrated, and Parliament will suffer as a result.

Honourable senators, there is so much in this report that I could go on practically indefinitely. I am not going to do that but, rather, I suggest a lesson we, as a Senate, might take from the report, and that lesson is something like this: Primarily today, more than ever before, the detailed scrutiny of bills by our various committees is important. We have had, of course, a unique capacity to scrutinize legislation in detail, and have really proved the value of this institution in carrying out that function. That function has become more important than ever today. Accordingly, this area of our activity must receive our attention as never before. Not only must we try our best to ensure that legislation is drafted in as simple, comprehensible and explicable a form as possible, not only must we increasingly guard against retroactivity and the conferring of unfettered ministerial discretion—those matters that we have been historically concerned with—but we must increasingly watch over the language of delegation contained in legislation. We must increasingly insist that there be precise limits to subordinate law-making power. We must guard against the use of language which, in the opinion of the law officers of the Crown, would permit both sub-delegation of rule-making power and the power of dispensation in favour of individuals. We must ensure that no enabling power confers upon the delegate the authority to determine or declare the scope of its own delegated power, or the true intention of the enabling legislation under which it operates.

As I said, these are responsibilities that the Senate is uniquely fitted to carry out. By way of example, I need only mention the Banking, Trade and Commerce Committee, which is now engaged in examining a bill which, in my opinion, carries the potential of abusing all the principles discussed—namely, the Borrowers and Depositors Protection Bill.

If I may, I would like to close on a rather personal note. I share with many of you a common acquaintance with two men in Canada today who, not being lawyers, have as keen and able

legal minds as most of my colleagues in the profession. These two men have much in common. Both have an exquisite command of the English language, and can articulate it to the refreshment, enjoyment and envy of us all. But, most interestingly, they were both born in Newfoundland and, I would guess, at about the same time.

Honourable senators, you will quickly guess that one of these gentlemen is Senator Forsey who, in his address the other night, delivered a most learned dissertation on the history of the dispensing power, which concluded in its abuse by James II and the resultant Bill of Rights of 1689. I suppose some of us thought, "That's ancient history," and I am quite sure, from what I have heard, that many of the officials in the Department of Justice did not even know it was history at all.

• (1600)

In last Saturday's Toronto *Star* there was an article by the other man, by coincidence dealing also with the same problem—the dispensing power—and putting it in the context of a modern case with which most senators will be familiar, and which was going on in England when I was in London in January. The author of that article was Ernest Marshall Howse, who is a former Moderator of the United Church of Canada.

May I quote from that article and, because of its relevancy, may I trespass upon your attention to quote it *in extenso*? It bears completely upon the subject of our discussion this afternoon, and reads as follows:

> An eminent English jurist, Lord Alfred Denning, has recently given a judgment, which, though at first little noted, may come to be long remembered.
>
> It is of the quality which could make it a minor but memorable item in the heritage of freedom.
>
> It brought a stern rebuke not only to the officers of a powerful trades union, but also to no less a panjandrum than the attorney-general of the incumbent government, the chief law officer of the land.
>
> It was an issue where the union of post office workers had decided on their own authority to cut off for a week all mail and all telephone calls to South Africa.
>
> The action was illegal; and the officers knew it. But they concluded, as a spokesman put it, that the law against obstruction of the mails was intended for highwaymen and footpads but not for themselves.
>
> They also shrewdly calculated that the government in its precarious position would not oppose them.
>
> They were right. Sam Sitkin, the attorney-general, refused to interfere. Further, he warned the courts not to interfere.
>
> The Court of Appeal defied the attorney-general, and issued an injunction against the postmen. (Which they promptly obeyed.)
>
> Judge Lord Denning, Master of the Rolls, bluntly laid down the principle that the law "must be obeyed, even by the most powerful, even by the trades unions."
>
> He specifically stated that even the attorney-general "had no prerogative to suspend, or dispense with, the laws of England."
>
> Said Denning to Sitkin, "Be you never so high, the law is above you."
>
> Lord Denning was speaking in the grand tradition. Indeed, his action recalls one of the most memorable scenes in the history of English law, and so in the history of freedom.
>
> It was in the reign of James I. Sir Edward Coke was the chief justice of England.
>
> James believed in the divine right of Kings. He went so far as to assert his right to laws of his own will, and to judge whatever case he pleased, in his own person and without right of appeal.
>
> When the chief justice respectfully but firmly told the king that he could not interfere with the law, the king angrily replied, "Then I am to be under the law—which it is treason to affirm."
>
> Coke calmly replied: "The king is under no man save only God and the law."
>
> Only God and the law!
>
> In the classic conception, all citizens alike, the powerful and the weak, even the makers of law, the legislators and jurists themselves, are equally under the law; and, even in changing, law must still be subject to law.
>
> One disturbing sign of the disintegration of our present social order is the degree to which larger and larger sections of the community feel that they themselves can be arbiters of what laws they may elect to obey.
>
> The notables of the Watergate scandal, no less than terrorists throwing bombs, crusaders threatening to blow up pipelines, malcontents inciting arson and vandalism, or picketers threatening whoever may oppose them—all are at one in their conviction that the law is for someone else.
>
> Many years ago a U.S. Supreme Court Justice, Felix Frankfurter, observed that if anyone in society could determine for himself what laws he would respect, then everyone else could do the same; and this would inevitably mean "first chaos, then tyranny."
>
> Perhaps Lord Denning's rebuke to the postmen and the attorney-general will have some influence in arresting the chaos already incipient in our society and bring to those who, in positions of power, have abused power, the reminder, "Be you never so high, the law is above you."

Honourable senators, in concluding I would like to say again that the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments is making a substantial contribution to the maintenance of the rule of law, and that committee certainly merits our full support and commendation.

Senator Goldenberg: Will Senator Lang allow a question? Who is the other Newfoundlander to whom he made reference?

Senator Lang: I did mention the name.

Senator Goldenberg: You mentioned only Senator Forsey.

Senator Lang: It is Ernest Marshall Howse, who is a former Moderator of the United Church of Canada.

On motion of Senator Lafond, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 498*)

THE ESTIMATES

MANPOWER DIVISION OF DEPARTMENT OF MANPOWER AND IMMIGRATION— REPORT ON REVIEW OF RECOMMENDATIONS OF NATIONAL FINANCE COMMITTEE

WEDNESDAY, March 16th, 1977

The Standing Senate Committee on National Finance, in obedience to its Order of Reference of Thursday, March 10th, 1977, has reviewed the recommendations contained in the Report on Canada Manpower of the Standing Senate Committee on National Finance appointed in the last session of Parliament.

The Committee in the course of its review met with The Honourable Bud Cullen, the Minister of Manpower and Immigration; Mr. J. Manion, Senior Assistant Deputy Minister of Manpower and Immigration; Dr. D. R. Campbell, Deputy Minister (Manpower); Mr. D. Toupin, Special Adviser to the Senior Assistant Deputy Minister of Manpower and Immigration.

In its report on Canada Manpower the Standing Senate Committee on National Finance stated as follows:

> Parliamentary reports may be debated in the Senate Chamber, but under present practice this is when the process ends. The government takes from a report what it wants, discards or ignores what it chooses, but there is no way—other than by inferring from analysis of any subsequent changes in policy—of knowing what the government's reaction to it have been and why. This diminishes the value of the report, limits the opportunity of a committee to learn on the job, and denies the Canadian public the last and most important chapter of the study.
>
> To fill this void, the Committee will invite the Minister of Manpower and Immigration to comment on this report and its recommendations, and in particular to explain where and for what reason he and the Manpower Division disagree either by letter or preferably in a public hearing. The Committee believes the Minister will welcome the opportunity to respond and that this would be an important step in completing the public record."

At the meeting held with the Minister it was revealed that action has been taken or will be taken with respect to some 52 of the 56 recommendations made in the Report. Attached to and forming part of this Report is the statement made by the Minister to the Committee and the comments of the Deputy Minister of Manpower and Immigration on the conclusions and recommendations made in the Report on Canada Manpower.

Respectfully submitted,

D. D. EVERETT,
Chairman

STATEMENT MADE BY THE MINISTER OF MANPOWER AND IMMIGRATION TO THE STANDING SENATE COMMITTEE ON NATIONAL FINANCE

I am pleased to have the opportunity today to thank personally the Honourable D. D. Everett and his committee for their positive and constructive study of Canada Manpower programs and services. The report has already been, and will undoubtedly continue to be, most helpful to the management and staff of my department. It has proven to be most helpful to me to have such a document to review shortly after I assumed my portfolio.

Both I and my department are grateful to the committee, not just for the many kind and complimentary remarks about our work and programs, but for your clarity and candor in pointing out where things need to be improved and the general directions which you feel we should follow.

I will be tabling with you the department's very detailed response to the many recommendations and suggestions which the committee has made. As you can see, action has been taken or will be taken with respect to some 52 of the 56 suggestions we have identified. I will not, therefore, review either the report or my reactions to it in great detail with you today. I would rather take the time to deal with some of the broad policy matters the report discusses.

We must, I feel, begin with the question of what the basic manpower objective is. This has been stated many times in many ways, but the clearest legislative statement is in Section 4 of the National Employment Service Regulations:

> The aim of the Employment Service is the organization of the labour market as an integral part of a program for the achievement and maintenance of the highest possible level of employment.

This objective, derived almost word for word from International Labour Organization Convention 88, is easy to state but not so easy to achieve. To achieve those aims we must first know what the labour market is and what the problems are.

I think we do now have a good understanding and grasp of the basics of the labour market and the nature of the broad problems. In recent years, we have succeeded in improving our understanding of the causes of unemployment. Although a precise measurement is difficult to obtain, the largest single component of last year's 7.1 per cent unemployment rate was the frictional/structural element at about four points; second in importance were cyclical elements at a little over two and a

half points, and seasonal factors accounted for the small remainder. Frictional unemployment is defined as the time spent by those who are not working while between jobs or searching for jobs. Structural unemployment results from a mismatch—geographically as well as occupationally—between the supply and demand for labour. In other words, frictional and structural unemployment are not due to a deficiency in demand but problems within the labour market itself. Aside from the very important programs of job creation, Manpower's prime focus is on the unemployment which is frictional or structural or seasonal in nature.

The Employment Service

The prime instrument of the government for reducing frictional and structural unemployment is a dynamic employment service and a well-modulated array of employment-related programs. Both are essential—the programs to improve the labour market and the place of individuals within it cannot function without an effective employment service, and the employment service must have the program tools to get its job done.

I must say that one of the main messages which I drew from your report is that we have perhaps done a better job of establishing and running new labour market programs like training and mobility and LIP and LEAP and Outreach, than we have of strengthening the basis for all of that—the employment service itself.

The committee heard and reviewed considerable testimony from employers. Many were complimentary about the service they receive from us, but many had criticism to make of our ability to find workers for them, or our ability to screen the workers we sent to them, or our operations in general. We all recognize that the people who are most satisfied are the ones least likely to testify and I am grateful that the committee so obviously took that bias into account. I must also say, though, that I feel that these are areas in which we must try to bring some major improvements, and I believe that a number of the steps we are now taking will achieve that end.

My assessment is that, although we already have one of the most effective employment services in the world, we can certainly strengthen and improve it. I expect that the coming integration of the Manpower and Unemployment Insurance organizations will, by providing one-stop service for workers and employers, be a major step along that route.

Some people may think placement is a simple task, but it is not. Anyone who has hired others know that a perfect blend of client qualifications and job requirements is infrequent. The selection of a worker—or the worker's selection of a job—is seldom based exclusively on purely mechanical qualifications. It frequently involves personality, worker and employer attitudes and situations, work experience, desires, career paths, and so on.

The manpower counsellor, either in the Job Information Centre or at his desk, must deal with the world of the employer and the world of the worker as they are. He can counsel, he can advise change, but he cannot command it. He must make the same difficult and subtle set of judgements in referring people to work that the employer makes when he hires. He must, though, make those referral decisions under considerably more pressure and probably with less complete information about the job than the employer has when he makes the hiring decision. We cannot expect, and few employers would want, the manpower counsellor to refer only the one person whom he feels is most qualified.

Although our Manpower Centres are a main factor in the labour market and what we do often makes the difference between employment and unemployment, between getting jobs filled and having them go begging, we are not the only route to a job or the only way to find a worker. The CMC system was never designed as, nor should it be, the sole instrument of placement in the marketplace. A full labour market operates through many channels.

There is no reason why a public service should attempt to replace what can be done satisfactorily through private channels. The role of the CMC is to make the market work, not to do what others can do for themselves. Yet the CMC does far more than fill gaps. It must be good enough to have an accepted leadership role in uniting diverse elements. In each community, the CMC should be—as indeed, it increasingly is—the place to which workers and employers naturally turn for help.

This does not mean that we should seek out placement business that is being done as well without us. Volume *is* important to our placement operations—but it is a means, not an end. It is not in itself a measure of performance. Our success is to be found, not in the number of placements we record, but in the number of cases in which people and jobs are matched better and faster than would happen without us.

In short, our primary function is to place the right people in the right jobs. That is, fundamentally, what all our services and all our various programs are for. We must, and will, place renewed emphasis on this vital function. I believe this is very much in line with one of the main themes of your report. I am directing that we bend all our efforts to perform this central task even better and that future evaluations report the effectiveness of our placement activities on the basis of the criteria I have mentioned.

A key aspect of that renewed drive must be to provide even better, faster and more effective service to the employers who are our clients. Some eighteen months ago, my predecessor provided the committee with our new "Standards of Service to Employers". A review of the implementation of those standards shows that our CMCs have been making continuous progress towards their achievement. The response of employers to our efforts has been positive—our order cancellation rate has been falling and we are filling more quickly an even higher percentage of the job orders we get. Our officers have been taking the committee's advice to get out of the office to see the employer and his operations—despite all the pressures caused

by rising numbers of unemployed, our employer visits are up by more than 27 per cent over the level of two years ago.

When we do our job well, we meet the needs of employers and job seekers alike. We do, though, need the active co-operation of employers and I am pleased to note the appeal that your committee has addressed to them. I intend to strengthen those bonds—we can help workers find jobs only by helping employers fill them.

Manpower Training

Providing needed skills is an important way to improve the match between supply of and demand for qualified workers, and the Canada Manpower Training Program provides them.

I am in general agreement with the committee's findings, especially regarding the recommendations suggesting a greater emphasis on industrial training. An internal review of both the institutional and industrial portions of the program confirms the relevance of many of your views, and the new Employment Strategy I announced last fall provided for an increase of $19 million in our Industrial Training Program.

My Department has already taken action on many of the matters raised in the Senate recommendations. Some have brought about adjustments in departmental priorities for 1977-78. Others are under consideration in our bilateral discussions with provincial officials for a one-year extension of the Federal-Provincial Manpower Training Agreements.

For example, over the past three months, we have discussed with the provinces, business and labour representation on Manpower Needs Committees: the one-year-out-of-school rule; the 52-week limit on training duration; and our concern with making training more relevant to national and/or provincial labour market requirements. We have voiced your concern and ours about the volume of federally-sponsored basic educational training undertaken through our institutional program, and have indicated our intention to seek a greater emphasis on skill training directly linked with specific employment opportunities, as opposed to academic upgrading.

To ensure a comprehensive approach to the examination of our training programs, we have asked the provincial representatives to give us their views. We expect to have, by the summer, a fully developed view of the necessary directions as a basis for consultation with the provinces about changes in training policy and possibly in the Adult Occupational Training Act itself. In this context, the Senate Report has proved very valuable as a focal point for discussions.

Job Creation

The activities of the Manpower Division in the area of job creation are being refined and expanded. Building on the success and experience of the seasonally-oriented Local Initiatives Program, we have introduced two new job creation programs—Canada Works and Young Canada Works—which will operate on a year-round basis for the next five years. The Local Employment Assistance Program is also being expanded to increase its proven capacity to respond to the needs of those who are disadvantaged in terms of labour force participation. These expansions, and the establishment of a more permanent planning horizon, will enable us to chart some new directions for these programs to link them more closely to established community organizations, including Boards of Trade and Chambers of Commerce.

Divergent Views

I have dwelt at some length on the great utility to me of your report and my general agreement with its views and recommendations. There are, however, some areas—perhaps generally of a more philosophical character—where there may be some divergence of views.

Let me say very frankly that I do not accept the committee's apparent feeling that Manpower does too much for the disadvantaged worker. Of necessity, our CMCs devote most of their efforts to assisting the regular labour force member who is unemployed, and to new labour force entrants. At the same time, they must extend their services to all Canadians seeking assistance to find work which will provide them dignity and self-sufficiency. It is true that our services to the disadvantaged have been expanded and improved, but this is an area in which we should be doing more, not less. As I have indicated above, I feel we must strengthen our basic employment service role, but not at the expense of help for the disadvantaged. The "Statement of Canada" at the OECD meeting of Ministers of the Manpower and Social Affairs Committee in Paris, in March 1976, reflects these concerns. I am tabling this document and also the "OECD Recommendation on a General Employment and Manpower Policy" which resulted from that meeting. It corresponds very well with the directions in which we in Canada must move.

I also find it difficult to accept the report's implication that we should limit the role of the CMC to that of an "unemployment agency" and put our focus there. It is, I feel, precisely that view on the part of some workers and some firms which has sometimes tended to restrict our effectiveness in the labour market. Our Manpower Centres must serve, and generally serve very well, the employed as well as the unemployed, the firm as well as the worker.

In a similar vein, I am convinced that we must provide employers with the degree of screening that each one requires in his individual circumstances. Some want us to do a final selection which is just short of actual hiring; others prefer that we carry out a pre-selection, still others really wish to see a very broad range of applicants. We must, either in our Job Information Centre or in our operations units, meet those requirements well and precisely. Our counsellors must not refer people unless they believe that either that individual fully meets the requirements outlined by the employer, or they have explained to the firm that its requirements cannot be fully met under current market conditions. In the latter case, manpower

counsellors must seek the agreement of the firm to accept referrals of people who can do the job, even though they do not fully meet the firm's desired standards.

However great our responsibility to unemployed and other job seekers, we must meet the key demands of the employer. We must be frank with him when his desires do not match market realities, and we must screen to the level specified on each job order that we accept. We must do even better what we now generally do well. We are, and we must be, an *employment* agency, not an *unemployment* agency.

Concluding Comments

I believe that the Senate Report on Manpower contained a very comprehensive description of the way we operate, how we do our job and how we can do a better job. I have directed that action be taken in a number of areas in accordance with the specific recommendations you have made. In accordance with the main themes of your report, we are making changes or speeding up on-going changes, in our policy orientation. In particular, we will give the employment service a renewed emphasis. We will gradually slant our Manpower Training Program towards industrial training. We plan, in co-operation with the provinces, to reduce the earlier emphasis on basic education training; and we will use available management expertise from the private sector in job creation projects that have solid community value.

In addition, we will bring about the integration of the Department of Manpower and Immigration and the Unemployment Insurance Commission. Since the decision to separate the two was made in 1965, the insurance program has played an ever-increasing role in the operation of the labour market. Our manpower services have matured and been greatly strenghtened. Integration will allow a rationalization of our two networks and the conversion of most service points into one-stop centres; it will permit a streamlining of procedures and documentation; and it will let us do a more comprehensive, faster, and more systematic job of bringing jobs and workers together. It will let us make substantial improvements in services to both job seekers and employers.

It remains for me to reiterate my gratitude and that of my department for the valued recommendations of the Senate Committee. We are in a position to further improve services. We will do so with vigor and determination, for the benefit of all Canadians.

COMMENTS ON THE CONCLUSIONS AND RECOMMENDATIONS OF THE SENATE REPORT

FOREWORD

On September 8, 1976, the Standing Senate Committee on National Finance released their report on Canada Manpower.

In drawing their conclusions, the Committee held twenty-one hearings, including three with the Minister of Manpower and Immigration and five with departmental officials.

The Committee also heard from employers and associations of employers, from the academic community, from private placement agencies, from spokespersons for disadvantaged workers, and others.

The comments and recommendations of the report range over the entire spectrum of manpower programs and services. In responding to the Senate, the Department agrees with the vast majority of the Senate remarks. Detailed comments are contained in the attached paper.

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a) *Topic*

1. Interpretation of policy—page 9.

b) *The Report States*

"The Manpower Division has extended the objectives of manpower policy to make it responsive to the basic social and economic needs of Canadians. To attain these objectives it has devoted an increasingly large proportion of its total annual expenditures to assist those who are viewed as disadvantaged, whose opportunities for employment are limited because they lack minimum skills or suffer from social or physical handicaps.

The Committee recognizes that it is important, wherever possible, to assist unemployables to obtain productive employment. But it suggests the time has come to strike a note of caution. Expenditure by the Division of both money and effort on this activity should not lead to the neglect of those job seekers who are job-ready or can be made so through the established training and counselling services of Canada Manpower."

c) *Comment*

No attempt is made at assisting "unemployables". While Manpower programs are titled towards the disadvantaged, employment services devote 95% of their effort to the regular labour force member who is unemployed and to new labour force entrants.

The Department is committed to assisting people whose employability can be improved through manpower programs. This is not done at the expense of job-ready clients. It is worth pointing out that there is no intent to have manpower expenditures used as a substitute for welfare payments. Therefore, in evaluating programs, efforts are made to ensure that an appropriate balance is maintained. This is an essential aspect of ongoing review procedures.

a) *Topic*

2. Changing attitudes of the work force—page 14.

b) *The Report States*

"Attitudes toward employment in Canada have altered in recent years. Canadians change their jobs more frequently; they are selective about the jobs they are willing to fill and surveys show that on average their job search effort is weak. These attitudes affect the competence of Canada Manpower and must be kept in mind in assessing the effectiveness of the services provided."

c) *Comment*

People are indeed selective. In response to this, the harmonization in the delivery of UI benefits and CMC services has helped to structure job search activities. Now, unemployment clients receiving UI benefits are exposed to existing jobs. This helps change attitudes with the result, as discovered in a detailed evaluation of harmonization, that those receiving UI benefits accept jobs much more quickly.

a) *Topic*

3. Limitations to CMC service—Cooperation of employees—page 19.

b) *The Report States*

(1) "Canada Manpower is restricted in its placement service activities by two conditions. It cannot refuse to assist any job seeker who registers and it must fill vacancies from persons registered with it. It follows that the Division's first responsibility as a public service must be to the job seeker and especially to the unemployed job seeker."

(2) "To be effective, the Division must therefore seek the understanding and cooperation of employers by explaining the limitations which its role as an unemployment agency places on the services they can expect from Canada Manpower Centres."

c) *Comment*

(1) On page 17, Dr. Raynauld is quoted as reporting to the inquiry that "less than one in six job searchers find employment through CMCs, although three out of four contact the Centres". This supports the notion that a job seeker must not limit his job search to simply registering at a CMC. This fact is usually explained but must be further emphasized to unemployed workers by manpower counsellors and through the CJST.

(2) It would be inappropriate to limit the Department's role to that of an "unemployment agency", particularly in view of the fact that both the Division and the proposed Canada Employment and Immigration Commission will continue to serve as major instruments in the field of manpower development, utilization, training and that of income maintenance during periods of unemployment. The need for improved cooperation between CMCs and the employer community is, of course, recognized and efforts in this area will be continued.

a) *Topic*

4. Contact person for employers—page 22.
Improved job orders—page 22.
Action on job orders—page 23.
Personal contact with employers—page 30.

b) *The Report States*

"The employer who seeks workers should be given a contact in the CMC who should be a manpower counsellor or a counsellor assistant. This is necessary to secure the cooperation of employers and thereby to fulfil Canada Manpower's responsibility to the job seeker.

The Committee recommends that the Division improve arrangements for the receipt of job orders to ensure that all relevant information is included and that the order is an accurate description of the work and the working conditions.

The counsellor contact handling the order should personally verify that appropriate action has been taken in the CMC and that the employer is satisfied his job order has been given attention.

In order to keep the good will of employers, placement officers should be assigned to a specific list of employer clients. They should make every effort to become familiar with their employer's current manpower requirements through visits to the work site. Job orders from employers should be the direct responsibility of the designated placement officer who should follow the order through every stage from referral to acceptance or rejection of that referral."

c) *Comment*

1. The standard of service to employers provides:

—that each employer be assigned "wherever practical" a specific manpower counsellor who will be responsible for delivery of services to that employer,

—that should the CMC experience difficulty in effectively providing service to an employer, the appropriate CMC officer, together with the employer, will examine the situation, discuss alternative approaches towards solving the difficulty, and then implement the appropriate action,

—that there be prompt follow-up on orders,

—that an experienced manpower counsellor supervise central order taking units,

—that each CMC have a quality control system.

2. The existing standards do not fully meet the Senate's recommendations in that:

—The assignment of a specific manpower counsellor is not mandatory,

—the designated manpower counsellor is not necessarily involved in the follow-up.

3. In recognition of the fact that:

—each employer who seeks workers should be given a counsellor contact in the CMC who should personally verify that appropriate action has been taken,

—a number of counsellors will be involved in referring clients to an employer if the employer uses the CMC to recruit a number of different occupations,

—not all counsellors enjoy or are effective in dealing with employers.

It is intended to assess the feasibility of the "Lead Counsellor" concept. The "Lead Counsellor" would:

—personally verify that appropriate action has been taken in the CMC and that the employer is satisfied that his job orders are being given prompt attention.

—personally become familiar with the employer and his work site.

4. With respect to order taking, the existing standards do meet the Senate's recommendations.

a) *Topic*

5. Screening job orders in the JIC—page 25.

b) *The Report States*

"The Job Information Centre is an efficient method of handling job-ready clients, thus leaving CMC personnel more time for job seekers who require vocational counselling or training. The counsellor taking the job order should be required to ensure that the employer completely understands the limited screening of applicants likely to be referred to him from a listing of his order in the JIC. Referral forms should also indicate clearly that only limited screening has been given to the job seeker being referred."

c) *Comment*

It is of no service or comfort to the employer to say that clients being referred have not been effectively screened. If a JIC counsellor doubts a client's job readiness or if the counsellor is not in a position to carry out adequate screening at a particular moment, the client should be referred to a manpower counsellor for evaluation (testing) and referral at that level.

The Department will deal with employers' dissatisfaction with JICs by informing employers of the trade-off between thorough screening and fast referrals, implied in certain aspects of the process. Employers will be given the opportunity to decide whether they wish to receive only clients who have been fully screened.

a) *Topic*

6. JIC staff responsibilities—page 26.

b) *The Report States*

"The JIC staff, including the monitor counsellors assigned specifically to circulate in the JIC area, should be constantly on the lookout for those who cannot take advantage of this service, who have deeper counselling needs and who should be directed to counsellors responsible for giving this assistance."

c) *Comment*

Instructions to this effect have already been provided. To reinforce JIC effectiveness in this area as well as in others, revised standards of service, incorporating these principles, have been developed and will be issued to CMCs shortly.

a) *Topic*

7. Placement officers and manpower counsellors—page 30.

b) *The Report States*

"The Division should, where possible, give explicit recognition to the functional division of duties performed by counsellors in Canada Manpower Centres. Those directly involved in the actual referral of job-ready clients to specific job orders should be designated 'placement officers'. Those responsible for in-depth vocational and employment counselling should retain the title 'manpower counsellor'."

c) *Comment*

If the two functions were divorced, those who counsel only would have very little knowledge of the labour market. On the other hand, those who would deal exclusively with the job-ready would priorize service to the job-ready. The end result would be that only those who are job-ready would receive effective placement services.

In addition, clients' needs are so varied and complex that the categorization of service to them in rather simplistic terms would be misleading. Moreover, the function "placement" should not be viewed as a separate entity but rather as a final step in the departmental "employment counselling" process. Nevertheless, there is flexibility in the role of the manpower counsellor as a result of a new Position Description System adopted in 1975. This system allows a certain degree of specialization in the manpower counsellor role. For instance, in CMCs where the need exists, positions can be described from a series of pre-written duty blocks to allow counsellors to specialize in Employer Relations or Community Relations. In other CMCs, where the need may be for counsellors to specialize in Employee Client Service (e.g. job placement counselling), a different series of duty blocks are selected and the appropriate job description prepared.

a) *Topic*

8. Qualifications of counsellors—page 30.

b) *The Report States*

"The qualifications for an assignment as a 'placement officer' in a Canada Manpower Centre should be a genuine experience in work, especially work related to one of the occupations for which placements are frequently made in that locality. 'Manpower counsellors' should have an adequate specialized educational background for this responsibility combined with relevant work experience."

c) *Comment*

It is recognized that business and industrial experience is essential to the proper discharge of the counselling as well as the placement function. In recruiting new employees, the Department seeks these assets. It is agreed that

precise knowledge of an employer's specific needs and the requirements of an individual vacancy are needed in order to make an effective referral.

It is felt that this added knowledge of a specific nature can be gained only through more frequent and more effective employer visits, and an improved order taking facility. In industry, generally, staff in a personnel function do not have technical expertise of the area in which they are staffing. Technical knowledge for the selection process is usually acquired on the job and on selection boards. This knowledge is provided by technical advisors who work in the area of the vacancy.

a) *Topic*

9. Activities of manpower counsellors—page 30.

b) *The Report States*

"Manpower counsellors should, as far as possible, restrict their activities to the improvement of the job seekers' employment potential and should refer clients requiring guidance on personal problems to the appropriate agency."

c) *Comment*

It is agreed that counselling should be restricted to employment problems and personal problems should be referred to other appropriate agencies. This has been stressed in training courses over the years and more recently emphasis has been given to it through the definition of the term "employment counselling". It is also stressed in departmental directives (i.e. Manpower Manual, Chapter 12, Circular 4-1) relating to the purchases of diagnostic services for difficult cases (where personal problems are likely to be present) that such diagnosis should relate to one's employment problems.

a) *Topic*

10. Smaller CMCs in urban areas—page 32.

b) *The Report States*

"In order to make large urban CMCs more effective, the Committee recommends that smaller subsidiary offices be established which would maintain contact with a central facility. Such offices could more readily respond to local needs while at the same time have access to information about job opportunities and job seekers in the surrounding area."

c) *Comment*

Agreed. This is valid and compatible with past and planned activities. Large metro offices have been or will be divided. The immediate creation of smaller CMCs in urban areas is hampered by leases of three to five years and by the added requirement that co-location with UIC offices is to be arranged.

a) *Topic*

11. Computerization—page 32.

b) *The Report States*

"For the same reason the Committee strongly supports the Division's move toward the extension of the on-line computer system in its urban CMCs. There are significant benefits to be derived from computerized record-keeping which amply justify this expenditure. Not only would routine paper work be reduced, but the link-up by computer of CMCs in a large urban area would facilitate the recommended extension of CMC service through smaller neighbourhood satellite offices."

c) *Comment*

The first draft of detailed plans for the implementation of the on-line system in the four largest metro centres across Canada has now been completed.

a) *Topic*

12. Extended hours of service—page 36.

b) *The Report States*

"Canada Manpower Centres should be open at certain times outside the usual hours of business so that job seekers who are employed have access to the extensive labour market information available in the Job Information Centres."

c) *Comment*

Agreed. Policy and current practices are accurately stated in the following "In spite of the fact that each CMC has the authority to determine hours of operation best suited to their location, few are open beyond normal business hours", found on page 36 of the Report.

Arrangements have been made in several CMCs to provide services outside the normal business hours. Such extensions depend on the demand for service and the availability of staff to work split-shifts or part-time.

It appears that it would be appropriate to extend the hours of CMCs located where people congregate in the evening, for example, shopping centres. A thorough assessment must precede the future development of this notion. This assessment will be completed shortly.

a) *Topic*

13. Validation of registration—page 38.

b) *The Report States*

"CMCs must warn job seekers that unless validated, their initial registration will lapse after 30 days and that it is the job seekers' responsibility to keep their registration active."

c) *Comment*

This procedure is already in effect and is part of the standard interviewing process. Also, a pamphlet, "Let's Work Together in Finding a Job for You", available in fourteen languages in addition to English and French, emphasizes the importance of this contact.

a) *Topic*

14. Facility for client comments—page 39.

b) *The Report States*

"Those who use Canada Manpower Centres should be offered a facility which would encourage comments on the service. This could be a postal box number at the regional or national headquarters of the Division. This facility should be evaluated and the evaluation made public after a reasonable trial period."

c) *Comment*

On page 38 of the report this recommendation is explained as follows:

> In dealing with over four million registrations a year, standards of service—however well intended—will not always be observed. It would assist the Division to minimize the effect of assumed neglect if the client was offered a facility for complaint. The Division has had considerable success with the box number technique to encourage its own employees to make comments or suggestions about their work. It is called Box (320). The suggestions sent to it go to an office of the Division in Ottawa. A similar facility could surely also be offered to job seekers through well placed notices in the CMC and in the literature about Manpower programs given to clients when they register.

This is a very common practice in many organizations and it is felt that it could be implemented without much problem. A suggestion box could be placed in a strategic location in CMCs. A procedure for reviewing users' comments and a system to prepare departmental replies will need to be developed.

a) *Topic*

15. Increased promotion of mobility grants—page 44.

b) *The Report States*

"The Mobility Grants Program is an effective tool for achieving necessary adjustments in the labour market. The Committee supports the recent extensions of the program and recommends that it be publicized more fully to job seekers and employers alike."

c) *Comment*

At present, full utilization of the Program is being developed by:

—producing a new fact sheet for the Program;

—providing increased training to CMC counsellors on the use of the Program as an effective placement tool;

—increasing the use of the clearance systems to obtain maximum job vacancy exposure in CMCs and JICs.

It should be pointed out that the Canada Manpower Mobility Program is designed to assist unemployed, underemployed and about to become unemployed workers who must move to find employment but cannot do so unless they receive financial assistance. Thus, the Program is not a general transportation subsidy to assist workers who are already mobile or who would move without the assistance of a mobility grant. Therefore, as mobility assistance is not a right that is available to all workers who wish to move to employment, it is not believed that outright promotion of the program, through newspaper advertising or television should be undertaken. Such methods would attract large numbers of persons to the CMC who would not be eligible for mobility assistance. Instead, promotional efforts will be focused on increasing manpower counsellors' knowledge of the Program in order that they will be more fully aware of its use as an effective placement tool, and in developing publicity within the CMCs.

a) *Topic*

16. Evaluation of the Special Job Finding and Placement Drive—page 46.

b) *The Report States*

"The Division should maintain a continuous evaluation of the Special Job Finding and Placement Drive in order to ensure that the results obtained continue to justify the significant amount of available counselling resources required to place those selected for participation."

c) *Comment*

This has been done in cooperation with UIC. The direct result of this evaluation was the introduction of the Harmonization Program, which provides for a carefully designed continuum of M&I-UIC services in which all prospective claimants participate from the very beginning of their claim-cycle. Initial operational statistics suggest that the benefits derived from the Harmonization Program far exceed those of SJF&PD. The proposed integration of services is expected to result in further benefits at lower costs.

a) *Topic*

17. Evaluation of Outreach—page 48.

b) *The Report States*

"The Outreach Program is doing a job that cannot now be done as well by Canada Manpower Centres. The focus should be limited to overcoming the severe employment problems of the hard-core unemployed and the Outreach Program must be continuously evaluated to ensure that funds provided are in fact used only for this purpose."

c) *Comment*

The Outreach Program has indeed proved a necessary complement to the regular delivery system of CMCs. Its objectives are being reviewed to restrict the focus to the hard-core unemployed.

To ensure that the program is effective, a thorough review of Outreach projects is conducted on an ongoing basis. The goal of these reviews is to assess whether the projects' objectives are being achieved and whether funds are utilized as reported. Corrective action is undertaken where required.

a) *Topic*

18a. Services for hard-core unemployed—page 49.

b) *The Report States*

"The division must recognize that there is a limit to the amount of hard-core unemployment that can be reduced. Lack of employment is not the only difficulty faced by the unemployed disadvantaged job seeker but it is the difficulty Canada Manpower can do something about, through more efficient promotion and operation of existing services for counselling, training and placement."

c) *Comment*

The Department recognizes that there are limits to the effectiveness of its efforts in this area. These limits are not always easily determined, but it is not believed that the Department has overstepped its mandate and has in fact become involved in activities that are not employment related only in an incidental manner. It is agreed that manpower services to the hard-core unemployed must be concentrated in the employment counselling, training and placement areas.

Senate's approval of the recent measures taken to improve services to the handicapped, by adapting existing programs and services, are appreciated. In the report, the following were singled out:

1. the extension of mobility grants to bring job seekers from isolated areas to CMCs;

2. the direct exchanges undertaken by CMC counsellors, welfare agencies and UIC offices;

3. the development of manpower policies through consultation with Canadian Natives;

4. the delivery of programs and services through the coordinated approach of the Community Employment Strategy.

Efforts in these directions will of course continue.

a) *Topic*

18b. Employment for handicapped—page 49.

b) *The Report States*

"The Committee believes that many employers would accept the challenge of opening new avenues of employment to the physically and mentally handicapped if encouraged by Canada Manpower to do so. Improved counsellor contact with employers should provide increased opportunities to tell employers about this important community responsibility."

c) *Comment*

The Department is encouraged by the support that is being provided by the Committee through this recommendation. This will influence employers' attitudes very favourably. Cooperation from employers will be sought in the manner suggested.

It may be of interest to add that the Department is cooperating closely with the Public Service Commission in developing measures to expand opportunities for the handicapped within the public service. The Government of Canada would thus play a leadership role in this area and set an example for employers to follow.

a) *Topic*

19. Pre-screening of referrals—page 56.
Counsellor response to employers' requests—page 56.

b) *The Report States*

"The responsibility of the CMC to assist the job seeker restricts in some degree the selectivity it can apply in making referrals. At the same time screening must be sufficiently thorough that employers are not discouraged from placing job orders.

In processing job orders counsellors must admit quickly and frankly that they do not have suitable candidates when employers' requests cannot be met. Underqualified referrals should not be made by CMCs unless the employer explicitly agrees to consider them."

c) *Comment*

Present policy states that workers who do not meet the minimum requirements, as stated in the job order, are not

to be referred to employers. It is further accepted as departmental policy to advise the employer as soon as possible if the CMC will encouter difficulties in filling the job order. This directive is further strengthened by the fact that should the CMC not be able to contact the employer within a few hours after taking the order, a time limit of 24 hours has been established as a mandatory maximum period after which a CMC must communicate with the employer.

Present departmental policy precludes the referral of underqualified clients by manpower counsellors without the prior consent from the employer to interview the prospective candidate.

a) *Topic*

20. Encouraging employers' acceptance of referrals—page 57.

b) *The Report States*

"In dealing with his group of employers the counsellor must try to convince them that they too have a responsibility to the job seeker. In this regard the counsellor should try to gain the employers' cooperation to adapt job requirements to fit those of the job seekers registered with the CMC, even if this means accepting an employee who is underqualified and who will have to receive on-the-job training."

c) *Comment*

This practice is followed by large numbers of counsellors, but probably needs to be reemphasized in certain areas. This is being done.

a) *Topic*

21. Encouraging employers to list better jobs—page 58.

b) *The Report States*

"Employers should be encouraged by CMCs to list better paying and more challenging job vacancies. Better jobs offered by Canada Manpower Centres will also encourage better candidates to come forward to fill them."

c) *Comment*

Agreed.

In emphasizing the provisions for improved services to employers, as outlined in "Standards of Service to Employers", a competence to serve employers will be demonstrated and they will, as a matter of course, list better jobs with us.

a) *Topic*

22. Employers' right to complain to CMC—page 58.

b) *The Report States*

"The Committee urges employers to accept the explicit invitation of the Minister of Manpower and Immigration to contact the CMC and to insist on an explanation when they receive unsatisfactory service. Employers can assist counsellors to meet their requirements by giving complete details when the job order is placed."

c) *Comment*

This is also included in the "Standards of Service to Employers"—MA 15 No. 3—in the following statement:

2(3) Should the CMC experience difficulty in honouring its commitment to effectively provide a particular service to an employer, the appropriate CMC officer, together with the employer, will examine the situation, discuss and determine alternative approaches towards solving the difficulty, and then implement the appropriate action to successfully assist the employer to satisfy his manpower requirements.

This is an important element of the "Lead Counsellor" approach, as described in topic 4 number 3.

a) *Topic*

23. Response to employers' comments—page 59.

b) *The Report States*

"The Division has responded to a number of critical comments made by employers in public testimony and is taking steps to introduce some of the reforms which the Committee is recommending."

c) *Comment*

Changes made in the delivery of service to the public, especially improvements made in the delivery of services to employers, will be clearly explained in public statements.

a) *Topic*

24. No expansion of executive placement—page 67.

b) *The Report States*

"The Committee agreed that extensive expansion of the professional and executive placement services would be a questionable use of public funds and recommends that the Division should not develop a distinctive specialized service in executive and professional placement, even if a fee were to be charged for this service."

c) *Comment*

The executive and professional sector should be served on the basis of our legal responsibility to service all parts of the labour market. The E&P sector will continue to receive the service it is currently receiving; however, at

this time, it is not intended to consider any expansion of service.

a) *Topic*

25. No expansion of CMC activity into temporary help services—page 68.

b) *The Report States*

"The placement of job seekers who prefer part-time employment is in general terms a proper responsibility of the public employment service. It is presently fulfilled through the operation of Farm Labour Pools and the referral of job seekers to casual employment. However Canada Manpower Centres should not set up separate formal temporary help services for which they become an employer of record."

c) *Comment*

Agreed. There is no intention of becoming employers of record, but the Department intends to compete with the temporary help agencies through more efficient casual labour pools.

a) *Topic*

26. Compulsory listing of vacancies rejected—page 69.

b) *The Report States*

"Employers should not be required to list all vacancies with Canada Manpower Centres. This also applies to private placement agencies."

c) *Comment*

Since 1945 the U.I. regulations contained a requirement for employers to list all vacancies with the National Employment Service. It was never enforced and in 1974 the regulations were amended to delete this requirement. There is general agreement that employers would view compulsory registration in a negative manner. The administrative difficulties in having employers comply and also notifying us when vacancies are filled would demand a substantial increase in departmental resources.

a) *Topic*

27. Expanded representation on Manpower Needs Committees—page 77.

b) *The Report States*

"Federal-provincial cooperation in the provision of job preparation training for adults has been improved through the activation of the Manpower Needs Committees in each province. However, the Committee recommends that representatives from business and labour be included in both the planning and assessment of manpower training courses."

c) *Comment*

This recommendation is fully in accord with departmental policy. In the federal-provincial training agreements, the involvement of employer and union representatives is provided for in order to secure their contribution to the planning, implementation and assessment of training. However, the extent of industry and labour participation up to now is far from being satisfactory. Consequently, it is intended to promote with provinces the greater involvement of employers and unions through such mechanisms as the creation of a system of Manpower Training Needs sub-committees which could more easily draw meaningful inputs from business and labour, particularly at the local level.

It should be pointed out that provincial training systems and individual institutions generally utilize advisory committees of industry (and frequently labour) representatives to assist in the design and review of training courses, thus helping to ensure the relevance of these courses to employers' requirements.

a) *Topic*

28. One-year rule retained—page 80.

b) *The Report States*

"The Committee recommends continuation of the present rule that trainees must have spent one year in the work force before becoming eligible for a federally sponsored training course."

c) *Comment*

This requires further study as part of the CMTP Review.

Except for apprentices, our legislation requires that clients receiving institutional training under CMTP must have been out of school for at least twelve months; no reference is made, however, to their labour force status during this period.

At present, it appears that this policy continues to serve a useful purpose in ensuring that CMTP allowances not provide an incentive for young people to leave school prematurely. The current high rate of unemployment among youth has resulted in suggestions that the "one-year-out-of-school rule" be dropped, but it is believed that vehicles other than institutional training would offer more appropriate responses to this problem.

The Canada Manpower Industrial Training Program is already developing or conducting numerous pilot projects to attack youth unemployment. Trainees under this program need only to be one year past the provincial school-leaving age; no minimum time out of school is required.

The new Job Experience and Training Program (JET) will further aid young people entering the labour market.

The employment problems of youth require a coordinated approach by federal and provincial governments.

a) *Topic*

29. Reassessment of allocation for basic educational training—page 82.

b) *The Report States*

"The Committee is disturbed by the fact that basic educational training, an area which is essentially a provincial responsibility, is costing the Manpower Division in excess of $100 million annually. The Committee recommends that this situation be reassessed and remedial action taken if necessary."

c) *Comment*

Agreed.

Although the level of Basic Training for Skill development (BTSD) purchases each year has consciously been reduced, BTSD still accounts for 25% of our current expenditures on institutional training and is an area of great concern in our current policy review. This matter has been raised in discussions with the provinces because it is believed that they should accept greater responsibility for providing basic educational opportunities to adults.

As the Senate Committee recognizes, there will continue to be a requirement for some form of BTSD in the foreseeable future, but it is hoped that the scale of federal expenditures on such training will be reduced significantly without reducing the opportunities for adult workers to develop their employment skills. Efforts will be made on several fronts, including reemphasizing to our counselling staff that BTSD must be provided only to those having a clear requirement for upgrading to enter employment, whether directly or through some type of skill training. As well, it is believed that the entry requirements for many skill courses could be reduced, and that, if necessary, academic components could be built into the training.

Furthermore, particular attention is being paid to the scope and effectiveness of Basic Job Readiness Training and Work Adjustment Training for clients having special needs. It is gratifying to note the comments of the Senate Committee on the importance of these forms of training.

a) *Topic*

30. Relevance of skill training to job market—page 83.

b) *The Report States*

"The Division through the federal representatives on the Manpower Needs Committees in each province must become more insistent that skill training courses made available by the provinces for purchase under the Canada Manpower Training Program are more closely related to current local labour market needs."

c) *Comment*

The Senate has implied here that courses are not now related to labour market needs. This is an unwarranted conclusion based on ambiguity of CMTP Follow-up Survey data.

The problem of matching, both qualitatively and quantitatively training with labour market requirements is of primary concern in any training program. It is worth pointing out, however, that the employment rates experienced by CMTP graduates and quoted in the Senate Committee report compare quite favourably with those for many similar programs in other countries. Moreover, there are technical problems in interpreting these figures arising from the limitations of the methods used to classify training and occupations—at least some of those who appear to have obtained jobs unrelated to their training may well be utilizing the skills their training gave them.

Improving the responsiveness of training to labour market needs may be achieved either through better planning or through greater flexibility. Planning requires that manpower needs be forecasted accurately, and despite the advances made through such techniques as COFOR and FOIL this is still a very difficult task (as is acknowledged internationally by, for example, the OECD). One key to improved accuracy is the utilization of local expertise and knowledge, such as we are attempting to tap through emphasis on the involvement of employers and labour.

Increasing the flexibility of the training system to respond to shifting needs has inherent limits; for training tends to have high set-up costs which must be spread over adequate numbers of trainees if efficiency is to be achieved. One solution, but by no means a universally applicable one, is to utilize to a greater extent the training capabilities of industries themselves, and our policy developments are pursuing this possibility.

There is no single approach that can achieve the goal identified in this recommendation. Rather, continued efforts by both federal and provincial agencies are required to improve the match between training and the labour market.

a) *Topic*

31. Relevance of training referral to future employment—page 85.

b) *The Report States*

"The Committee recommends that it should be the responsibility of the counsellor who makes a referral to training to make an assessment of the relevance of that training to the employment finally secured. The results of

such assessments should be made available to the district economist and through him to the Manpower Needs Committees."

c) *Comment*

The general spirit of this recommendation is already put into practice in many cases and has obvious merits. To apply the specific proposal universally, however, would not be feasible. Clients frequently do not return to the CMC which referred them to training, making follow-up by the original counsellor impossible. Moreover, the counsellor may not always be equipped or in a position to assess the relevance of training.

Thus, while closer CMC follow-up of trainees should be encouraged, the main responsibility for improving the training itself should rest elsewhere—with the Manpower Needs Committee system, the province and employer and labour representatives.

a) *Topic*

32. Retention of 52-week rule—page 86.

b) *The Report States*

"The Committee supports the Division's view that the so-called 52-week rule does not seriously impede training for employment."

c) *Comment*

The limitation on maximum course length has undoubtedly served as an incentive for provinces to streamline training programs and concentrate on essential elements in course content. At the same time, however, there may be a relatively small number of cases in which greater flexibility in training duration would be desirable. These would most likely involve training for urgently required higher skill workers or special programs for clients with serious employment problems requiring longer term training. The application of longer term industrial training assistance to promote apprenticeship in certain shortage occupations may also prove to be desirable. The identification of such instances requires the development of suitable criteria and this question is being examined in depth as part of the current overall review of CMTP.

It is believed, however, that the principle of restricting the vast majority of training under CMTP to relatively short durations should be retained.

a) *Topic*

33. Training allowances—page 87.

b) *The Report States*

"Allowances to support trainees are an integral part of the CMTP. They are provided to encourage trainees to complete the course of studies intended to improve their employability. Referrals to training should therefore only be made on that basis. The training allowance should not be used to provide a temporary substitute for other forms of maintenance."

c) *Comment*

While the allowance system and its application are under close study with a view to eliminating any unnecessary allowance payments and with a view to integrating better allowances with other forms of income support, the Department takes the position that the primary thrust should continue to be in the direction of ensuring that training itself is closely related to the employment needs of individuals and the skill requirements of the labour market. Income support through allowances should be used only to facilitate such training and remove barriers to undertaking it. The possibility that allowances could be utilized as a substitute for other forms of maintenance can only be a problem if the employment aims of training are not asserted.

There is thus no disagreement between departmental policy and the Senate Committee's recommendations on this point.

a) *Topic*

34. Modification of provincial welfare regulations—page 87.

b) *The Report States*

"The Committee urges the Division through its representatives on the Manpower Needs Committee to seek modification of any provincial welfare regulations which inhibit participation in courses offered under the Canada Manpower Training Program."

c) *Comment*

There is complete agreement that such disincentives should be eliminated, and indeed this is one basic aim of policy proposals now being developed. Discussions will be held with officials of the Department of National Health and Welfare to facilitate the participation of welfare recipients in our training programs.

a) *Topic*

35. Increased funds for industrial training—page 94.

b) *The Report States*

"The Committee recommends that a substantially increased proportion of total training funds be used to purchase courses for adults to receive skill training in an industrial or working environment because training-in-industry can swiftly be adapted to demands of the labour

market. At the same time the Committee recognizes that institutional training will continue to be required for certain skills which are better taught in the classroom and for upgrading basic educational qualifications for employment."

c) *Comment*

Agreed in principle, but care must be taken to avoid subsidy of ongoing employers' activity.

The Senate Committee's desire to see fuller use made of the training potential of industry is shared. Moves in this direction have taken place already. Further possibilities are being examined as a part of the policy review now being conducted. The Department is pleased to note, however, that the Senate Committee recognizes both the need for negotiations with the provinces on any such move and the continuing requirement for the expertise of the present training institutions.

Potentially, a highly beneficial strategy lies in the integration of industrial and institutional training. This would permit the strengths of each form of training to be fully exploited. Pilot projects are now being considered to explore various forms of integration or cooperation, including assistance to employers for the purchase of training from local colleges or vocational schools. This latter approach could minimize the impact on the institutions of a shift in emphasis within the federal program, while achieving many of the aims identified in the Senate Committee report.

a) *Topic*

36. Institutional training in industry—page 95.

b) *The Report States*

"The Committee recommends the preparation of a pilot training project to explore the potential of private industry to give trainees institutional style courses combining practical experience with the theoretical background. Such institutional training in industry might be commissioned on the basis of a review of competitive tenders submitted by interested employers."

c) *Comment*

Agreed. This is present policy and many examples exist of such courses already implemented.

This is in line with the concept of integration mentioned in the preceding topic. Its essential difference from present industrial training approaches taken by the Department is that trainees are employees of the training firm.

a) *Topic*

37. Control of expenditures on training (a)—page 96.

b) *The Report States*

"The Canada Manpower Training Program now absorbs 63 percent of total expenditures of the Manpower Division. The Committee recommends that strict control of any future expansion be exercised to ensure that this program is more directly related to the provision of immediate opportunities for employment than it appears to be at present. The justification for any future expansion should be fully explained to Parliament in the Annual Report of the Department."

c) *Comment*

The Department also advocates careful control of training expenditures and future expansion. Most of the training purchased under the program is directly related to the provision of immediate opportunities for employment. Training purchases take into account the needs of the individuals in local and regional areas in relation to the labour market requirement. Manpower Needs Committees determine the courses required and are guided by the Canadian Occupational Forecast Program for the intermediate range and the Forward Occupational Imbalance Listing for the short range requirements.

Training of adults in courses more directly related to immediate employment opportunities without considering the longer term needs would be inappropriate and in many ways in conflict with topic number 30 concerning effectiveness and relevance of training to the needs of the national economy.

Because the labour market needs are taken into account when determining the volume and mix of training to be purchased, the opportunities for employment are in fact a prime consideration. However, to train adults for jobs which are immediate and short term only is neither efficient nor in the interest of the individual. On the other hand, it is agreed that training should be carefully monitored so that training is not expanded in occupations where a demand is not foreseen for several years and where there is little likelihood of employment after graduation.

a) *Topic*

38. Control of expenditures on training (b)—page 96.

b) *The Report States*

"To offset increases in the cost of mounting courses the Division must concentrate on improving the effectiveness of present manpower training. Courses offered should be relevant to the needs of the economy. This is most likely to result if more manpower training takes place away from formal training institutions, on the job site using the capacity of employers to provide courses."

c) *Comment*

This recommendation is endorsed fully and the Manpower Training Agreements with the provinces make provision for closer integration of institutional and industrial facilities for training purposes. Many Training Improvement Projects are also directed to this end.

a) *Topic*

39. Student Manpower Centres supported—page 102.

b) *The Report States*

"The Committee recommends continuance of the Student Manpower Centres because they provide a placement facility for students seeking holiday employment as well as assisting employers who require seasonal workers. It also supports the public relations programs designed to encourage employers to provide jobs for students."

c) *Comment*

Agreed. This recommendation supports the excellent work done by CMCs for Students.

a) *Topic*

40. Annual reassessment of LIP—page 105.

b) *The Report States*

"The administration of the Local Initiatives Program has been improved to the point where it has become a useful technique for reducing the adverse effects of seasonal unemployment. The Committee recommends that the LIP program continue on a contingency basis subject to a full annual reassessment."

c) *Comment*

The spirit of this recommendation is being implemented in the development of the new comprehensive job creation programs, particularly in the aspect of these programs which will be operated on a year-round basis and which will retain many of the best features of the Local Initiatives Program. The Canada Works Program, in its design phase, has taken advantage of a thorough assessment of the strengths and limitations of the Local Initiatives Program as a technique for reducing the adverse effects of seasonal unemployment.

a) *Topic*

41. Monitoring of applications for LIP grants—page 105.

b) *The Report States*

"The Committee recommends that in future applications for LIP grants to initiate community projects which have no clearly defined limits must indicate how the project will be financed when the LIP grant has been spent. The consultation and selection process for LIP grants should be restructured to ensure that when a LIP project will affect provincial or municipal governments they are given an ample opportunity to reject the proposal."

c) *Comment*

This is present policy and as there is more lead-time available for the new year-round "Canada Works" program, more time will be available for consultation with the provinces. This recommendation has been the subject of criteria modification in the new program. It is of interest to note that the proposed criteria for the "Canada Works" program utilize almost the same terminology as suggested in the Senate Committee Report when it recommends that we distinguish between projects which can be completed within a time limit and those which cannot. In the case of the latter, the projects will be required to demonstrate that they will not become a burden upon either the community (through the creation of a dependency) or upon other levels of government.

The problem which the Committee identifies in consulting with provincial and municipal governments is less a problem of the non-existence of consultative mechanisms for LIP than it is a problem of the time-frame within which provincial review or municipal review of projects takes place.

While it is anticipated that the first cycle of the new "Canada Works" program will not represent much of an improvement in this regard, it is clear that, for future cycles of the program, the five year planning horizon will enable an ample opportunity for program review on the part of provincial governments. With respect to municipal governments there is no formal mechanism for universal consultation. However, municipal governments are frequently represented on the advisory boards and are also consulted, in cases of possible effect, by program staff. It is anticipated that, with the longer time-frame available for implementation of the new programs, the Department will be able to improve in this area.

a) *Topic*

42. Benefits of LEAP—page 107.

b) *The Report States*

"LEAP demonstrates the kind of controlled assistance to the disadvantaged which the Committee feels is missing in the Outreach Program. However, it is not enough to establish the need for a LEAP project. A full and realistic assessment of the possibilities for successful placement of the participants should form an important part in the preliminary planning."

c) *Comment*

Agreed.

At the present time, such an assessment takes place in a general way, in assessing the feasibility of what is termed a preparation project. It is clearly inappropriate to support such a project if the local economic/employment conditions are such that there is no realistic possibility of the participants obtaining employment after successfully completing a period in the LEAP project.

In addition, LEAP Operational Guidelines provide that submissions to the Provincial Review Board include "characteristics of participants and discussion of effect of employment on participants during developmental phase" (including participant turnover and follow-up information).

It should also be borne in mind that the clients LEAP is designed to assist have, as a rule, a disastrous work history and little apparent chance of success in the conventional labour market. Especially at the beginning of a LEAP project, care must be taken to avoid "creaming" whereby only clients likely to show success are taken on, whilst those with more difficult problems continue to be neglected.

As LEAP and Outreach have different objectives, direct comparison of the Programs does not seem indicated.

a) *Topic*

43. Extension of LEAP—page 107.

b) *The Report States*

"The Committee recommends that contracts to provide for the establishment and supervision of LEAP projects be extended to suitable profit-making organizations which agree to accept disadvantaged job seekers for a period of training and possibly retain the trainee in employment at the conclusion of the contract training."

c) *Comment*

It is agreed that the Committee's recommendation might well be viewed as a subsequent step to LEAP participation, to provide for in-depth training and, in particular, to increase the participant's opportunity for continued employment.

Many of the LEAP participants, and indeed those for whom LEAP has proven most effective, are those who would experience difficulty in a regularly structured work environment, or the more usual type of on-the-job training. The LEAP target group has been generally defined as those with persistent difficulty in finding or keeping employment. It is the root causes of these difficulties within the individual or the individual's environment which are addressed by the design of LEAP projects.

It should be pointed out that the existing Canada Manpower Industrial Training Program for Special Needs Clients can provide for reimbursement of up to 85% of wages paid to them during training. It may be, however, that the greater flexibility of LEAP would be a useful adjunct to this existent mechanism.

a) *Topic*

44. Contribution to Community Employment Strategy—page 109.

b) *The Report States*

"The Committee recommends that the Division's contribution to the Community Employment Strategy be limited to direct placement, training and the Local Employment Assistance Program. Beyond that the Division should confine its role to the co-ordination of the social services provided by other agencies."

c) *Comment*

This recommendation cannot be accepted if the recommendation is read literally. Given the range of employability problems of the target population, it would be inappropriate to confine the contribution of the Department to direct placement, training and LEAP. Since many of the target population would fall into the category of Level III clients, programs such as Outreach, Diagnostic Services and CMMP are just as relevant. Furthermore, it is jurisdictionally impossible for the Department to coordinate *social* services. Finally, the role of community organizations (and the resultant funding implications) does not appear to have been considered in the recommendation, and also in the text.

If one interprets the recommendation more liberally, in keeping with the text of the Report, then it can be accepted. The Committee does not seem to be querying the basic objectives of CES nor its essential ingredients. If the recommendation is interpreted as a general endorsement of the basic modus operandi of CES, i.e., improvements in the relevance and availability of employment-related programs and services, including those of the Manpower Division, (or in other words the coordination aspects of CES) to meet the needs of the target population, then it can be accepted with no difficulty.

The support which the Senate Committee seems to be offering to CES seems a little inconsistent with their view and that the Department has over-emphasized services to the "disadvantaged". The same applies to LEAP. This view derives from a lack of vigor in the use of definitions, e.g., assuming that the "hard-core unemployed" are the same as the "disadvantaged", and of statistics, e.g. the table on page 7 which fails to give the percentage of the unemployed who are at or below the poverty line. In considering the Department's activities with respect to the disadvantaged, it is important to bear in mind the nature and characteristics of the clients, e.g., the fact that well over half of them are relatively inexperienced and unskilled.

a) *Topic*

45. Assessment of FOIL—page 116.

b) *The Report States*

"The Committee suggests that the future forecasts of the Forward Occupational Imbalance Listing (FOIL) be assessed against information on actual occupational shortages as soon as they can be ascertained. Since the members of the Manpower Needs Committees may rely heavily on FOIL forecasts to supplement their knowledge of local needs in planning the allocation of Manpower training courses, this assessment should be immediately reported to them."

c) *Comment*

Discussions are taking place on ways to evaluate FOIL. The Occupational Forecast Division of the Strategic Planning and Research Division is coordinating the review of FOIL.

a) *Topic*

46. Data publishing policy—page 118.

b) *The Report States*

"The Committee approves the new policy of publication of statistical data relating to departmental programs."

c) *Comment*

No comment required.

a) *Topic*

47. Evaluation of placement function—page 121.

b) *The Report States*

"The Committee recommends an immediate evaluation of the placement activities of the Canada Manpower Centres. This should include a complete review of the technique of data collection to establish that published figures reflect the real effectiveness of placement, not just the numerical computation of placement transactions."

c) *Comment*

Agreed. This is underway.

A report has already been completed in draft form on an evaluation of the Employment Service. Survey input has been gathered from employers concerning the length of time workers placed by Canada Manpower Centres stayed on the job and the employers' satisfaction with the workers' performance, etc. This information is being gathered as part of the CMC Effectiveness Reviews being conducted in all regions. Operational Performance Measurement standards are also being developed which will assist in evaluating the efficiency and effectiveness of the placement service.

a) *Topic*

48. Increased use of Canada Manpower and Immigration Council—page 127.

b) *The Report States*

"Representatives from industry, labour and welfare agencies on the sub-Committees of the Canada Manpower and Immigration Council should be encouraged to undertake a more active role in the clarification of the Division's objectives in the community."

c) *Comment*

Agreed. New advisory bodies for the new integrated organization will accomplish this. In general, there is a trend to discuss policy matters with client groups and employers in the development of policy. Numbered among these groups are the National Native Organizations, the Canadian National Institute for the Blind, the Chamber of Commerce, the Canadian Restaurant Association, etc.

a) *Topic*

49. Expanded public relations activity—page 127.

b) *The Report States*

"The public relations activities now carried on by the Division should be re-examined to facilitate improved public awareness of the objectives of manpower policy. The program of seminars with employer associations should be expanded."

c) *Comment*

Agreed.

A prime responsibility of the Department is to create and maintain the public awareness of the manpower objectives, programs and policies across Canada. In order to achieve this dissemination of effective public information on the department's services as well as promote its corporate image, it is essential that efficient national, regional and local promotional campaigns be conducted. Two good examples now in progress are the pilot "CMC in the Community" campaign and the Canada Works Program.

Additional resources, human and financial, will be sought to better reach these objectives. With increased funds (present percentage based on program dollars for both these campaigns is less than .5% of the overall allocation, as compared with the average business sector ratio of 2.5%), it would be possible to carry out the advertising, media relations, community and association relations, and information market testing, necessary to continually

inform Canadians of the services offered by the Department of Manpower and Immigration.

Despite current financial restraints, steps have already been taken to increase the activity in the areas identified by the Committee.

a) *Topic*

50. Manpower Management Inspection Teams—page 128.

b) *The Report States*

"The Committee recommends that the division consider the formation of Manpower Management Teams, one for each region, drawn from the ranks of experienced manpower officers. These officers should be temporarily assigned to the Management Teams to examine the operations of individual Canada Manpower Centres, to advise managers and staff on methods to improve the efficiency of their operation and to report to management of the Division at both the regional and national level on the degree to which standards of service are being met in the field."

c) *Comment*

Agreed. This has been under way for some time.

A total of 53 reviews are scheduled for this fiscal year by regional/provincial teams composed of experienced officers from the region, assisted by CMC managers from other regions. Guidelines and other aids, such as questionnaires, checklists, computer programs etc., are being made available to facilitate the review process. Reports are being received and analyzed. Procedures to ensure follow-up action on recommendations and distribution of information concerning reoccurring problem areas and innovative ideas have been implemented.

THE SENATE

Thursday, March 17, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ST. PATRICK'S DAY

TRIBUTES TO ST. PATRICK AND THE IRISH PEOPLE

Senator Grosart: Honourable senators, before we commence our business perhaps I may be permitted to follow a tradition that we have kept in this chamber for a good many years. It has been the custom for one of us—

Senator McDonald: Or more.

Senator Grosart: —for one or more of us to remind his or her colleagues that today, March 17, is the day of St. Patrick, the patron saint of Ireland. It is a special privilege for me, as one of the three members of the Canadian Parliament who have the good fortune of having been born in Ireland, to remind my less fortunate colleagues of that special favour of providence and the foresight of our forefathers, and, of course, our foremothers—

Senator Quart: Well, naturally.

Senator Grosart: —to put Irish blood in our veins, Irish blood in our hearts—

Senator Buckwold: And some Irish whiskey!

Senator Grosart: —and perhaps a little Irish whiskey in the cupboard for later on this day.

It is customary amongst us Irish on this particular day very often to sing, "It's a great day for the Irish," but I think this year, as in some years past, we will sing it with less enthusiasm, because dear old Ireland now has her troubles. I am sure that in this chamber, and beyond the walls of this chamber, there are many Irishmen, Irish Canadians and others, who will offer up a fervent prayer that in God's good time Ireland will come through, once again, her present troubles.

We are all conscious of the troubles that Ireland has at the present time. I think it well to remind ourselves that in Canada we have, perhaps, not what could be described as troubles but problems, and in one way they are somewhat the same, because theirs are problems relating to the constitution of that land as ours are to our own.

For that reason, honourable senators, it occurred to me that it might be appropriate to recall on this occasion the prophetic words of one who was perhaps the greatest Irish Canadian of all times, one of the seven Irish-born Fathers of Confederation, Thomas D'Arcy McGee, who many years ago in 1860, in a speech in Montreal, said what I think is prophetic for Canada and for Ireland:

> I look to the future of my adopted country with hope, though not without anxiety; I see in the not remote distance one great nationality bound, like the shield of Achilles, by the blue rim of Ocean. I see it quartered into many communities, each disposing of its internal affairs, but all bound together by free institutions, free intercourse, and free commerce; I see within the round of that shield the peaks of the Western Mountains and the crests of the Eastern waves—the winding Assiniboine, the five-fold lakes, the St. Lawrence, the Ottawa, the Saguenay, the St. John, and the Basin of Minas—by all these flowing waters, in all the valleys they fertilize, in all the cities they visit in their courses, I see a generation of industrious, contented, moral men, free in name and in fact—men capable of maintaining, in peace and in war, a Constitution worthy of such a country.

Hon. Andrew Thompson: Honourable senators, I rise also to salute St. Patrick. Unfortunately, I cannot compete with the eloquence of my honourable colleague, who has the added distinction of being born in Dublin. My mother was born in that city, and I feel very proud of my relationship with it.

● (1410)

I rise to salute St. Patrick with all the exultation that is surging within my Irish heart. In past years, sadly for me, I have felt it has been a lament—indeed, sometimes it has been a piercing, raging outcry, because I was born in Belfast and it rings in my ears—for the ebb and flow of misery in my mutilated, lovely island of green and mist. Previously, on other St. Patrick's days, I have chosen melancholy silence to express my feelings on this glorious day. But that has changed since I recently returned to my former homeland. There I saw the indomitable courage and deep compassion and, yes, felt again the mystical, lyrical rhythm of Irish life, but now is revived the crests of pride swelling that my ancestral roots are deep in the land of Burke, Swift, Sheridan, Goldsmith, Wilde, Shaw, Moore and Yeats.

A senator asked me before coming into the chamber, "How can you be of Irish descent when there is no "O" before your name?" I reply in the words of Sheridan who like many of my race, and unlike the Scottish, would never have that quality to become the president of any bank. Sheridan replied to that question, "No family has a better right to an "O" than my family for, in truth, all my ancestors have owed everybody."

The Leader of the Opposition—I hope he will not mind my referring to his greetings to me on St. Patrick's Day, and may I say that he is an exception to the rule of not having the "O" before the name—graciously wrote to me something like this, "You can lead an Irishman to water, but you will never make

a friend." I consider myself to be his friend, with all the implications implied by that.

Last week I had lunch with His Excellency the Irish Ambassador and his first secretary, Mr. Jim Flavin. I may add that I consider both of them also to be my friends. He gave me some thoughts which he felt might be appropriate to express on this day and, frankly, I would like to state them to the chamber. He said he felt that, as a Canadian of Irish Protestant ancestry, I should take particular satisfaction in stressing the story of St. Patrick, because St. Patrick belongs to no particular faith or creed but is shared by all Irishmen, and, because the Irish have a reputation for wandering, St. Patrick's Day is celebrated by and with the Irish throughout the world.

Following on Senator Grosart's eloquent remarks, the ambassador pointed out that conciliation is the keynote on this particular St. Patrick's Day, because for people of diverse religious persuasions, and even for those of no religion, the life of St. Patrick is symbolic of the spirit of conciliation. I am sure that all in this chamber have heard the familiar story of the young boy who was taken to Ireland as a slave, made his escape after years of suffering, and returned to devote his life to the betterment of the people who had held him in captivity. The moral of this simple story could, with advantage, be heeded in these times of global anxiety.

St. Patrick's Day is, above all, a day of celebration, and in Canada it serves as a reminder of the countless Irish immigrants and, indeed, the immigrants from all countries, who have found a home here and who, in turn, have helped to make Canada the great cosmopolitan country it is today.

That concludes the context of the message of Ireland's ambassador to Canada.

Recently I read a book entitled *Aspects of Irish Art*—I had been to the art gallery in Dublin, an art gallery which, I am sure, Senator Grosart has visited as well—and the preface to the book ended by suggesting that W. B. Yeat's definition that Ireland was "like a naughty child delighted at being lost in the great fair" really pointed to the fact that Ireland was one of the remaining homes of humanism where the "strange fellow", who finds it difficult to adapt in a bureaucratic society will always be welcome. May Ireland always remain such a haven.

Senator Quart: Honourable senators, as a fifth generation Irish-Canadian I would like to say that the wonderful speeches made by my colleagues brought to mind a wish that I received, on being appointed to the Senate, from our departed colleague, the Honourable Senator Chubby Power, who, I am sure, is playing a harp today in Heaven. His wish to me at that time was: May St. Patrick hide you in the hollow of his hand so the devil cannot find you.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of Reports of the Anti-Inflation Board to the Governor the General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. The Corporation of the City of Brantford and its Administrative Chief and Deputy Fire Chief, dated March 10, 1977.

2. The Corporation of the Town of Fergus and its employees, represented by the Fergus Police Association, dated March 10, 1977.

3. The National Grocers Company Limited and their Timmins Cash and Carry Employees, represented by the Retail, Wholesale and Department Store Union (Local 429), dated March 10, 1977.

Copies of Agreement, dated March 15, 1977, between the Attorney General of Canada and the Attorney General of the United States, establishing procedures for mutual assistance in the administration of justice in connection with the Boeing Company matter, together with Press Release thereon.

CLERESTORY OF THE SENATE CHAMBER

THIRD REPORT OF COMMITTEE OF SELECTION ADOPTED

Senator Quart, for Senator Macdonald, Acting Chairman of the Committee of Selection, presented the following report:

Wednesday, March 16, 1977

The Committee of Selection appointed to nominate senators to serve on the several select committees during the present session makes its third report as follows:

Your committee has the honour to submit herewith the list of senators nominated by it to serve on the Special Senate Committee on the Clerestory of the Senate Chamber, namely, the Honourable Senators Austin, Beaubien, Cameron, Carter, Connolly (Ottawa West), Deschatelets, Forsey, Hicks, Inman, Lafond, Lang, Neiman, Quart, Sullivan, Thompson and Yuzyk.

All of which is respectfully submitted,

J. M. Macdonald,

Acting Chairman.

• (1420)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Quart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, March 22, 1977, at 8 o'clock in the evening.

Honourable senators, in outlining for you the work of the Senate for next week as far as I can at this time, I shall deal first with the committee meetings as they are now scheduled.

The Standing Senate Committee on Foreign Affairs will meet on Tuesday afternoon at 2.30 to hear witnesses in connection with its examination of Canada's relations with the United States.

The Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 Wednesday morning to continue its study of the white paper on banking legislation, and also on Wednesday at 3.30 p.m., or when the Senate rises, there will be a meeting of the Standing Senate Committee on Agriculture to continue its inquiry into the beef industry.

On Thursday at 9.30 a.m. there will be a further meeting of the Standing Senate Committee on Foreign Affairs dealing with Canada-United States relations, and the Banking, Trade and Commerce Committee will meet at the same hour to hear witnesses on the subject matter of Bill C-16.

The Special Senate Committee on the Clerestory of the Senate chamber will hold its organizational meeting at 10.00 a.m. Thursday, and will then proceed to hear officials from the Department of Public Works. Also on Thursday morning there will be an *in camera* meeting of the Standing Senate Committee on Internal Economy, Budgets and Administration. In addition, if Bill C-35 should be read a second time and if it should be referred to the Standing Senate Committee on Health, Welfare and Science, then that committee will meet some time next week to deal with this bill.

In the Senate itself we shall proceed with the items now on the order paper and such other legislation as may come to us from the other place. I have been informed that the supply bill covering supplementary estimates (D) is expected to pass the House of Commons on Tuesday night, and that an interim supply bill for the fiscal year ending March 31, 1978, should get third reading and be passed by that house on Thursday night of next week.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

INQUIRY BY CRTC—QUESTIONS ANSWERED

Senator Langlois: Honourable senators, in reply to three questions posed to me on Tuesday evening by the Honourable Senator Smith (Colchester), I have obtained the following documentation.

The first is a press release dated March 8, 1977, from the Canadian Radio-Television and Telecommunications Commission. The second is a public notice dated March 14, 1977, from the Canadian Radio-Television and Telecommunications Commission, and the third is a news release dated March 15 issued by Mr. Harold Johnson, President of the CBC, responding to announcements of the CRTC of March 14.

I sent copies of these documents to Senator Smith this morning, and I endeavoured to reach him by telephone to tell him what I was intending to do this afternoon. Having regard to the length of these documents, I shall not read them but I shall ask that they be printed in the *Debates of the Senate*.

In addition to this information, I should like to refer honourable senators to questions and answers which were given in the House of Commons on March 7, March 8 and March 16. These questions were asked by Mr. Nowlan, Mr. Clark, Mr. Broadbent, Mr. Fairweather and Mr. Grafftey and were answered by the Prime Minister. These questions and answers can be found at pages 3706, 3707, 3744, 3745, 3746, 3747 and 4033 of the House of Commons *Hansard*. If I may, I will limit myself to giving the first question by Mr. Nowlan and the reply to it by the Prime Minister, which exchange took place on March 7. Mr. Nowlan asked the following question:

> Mr. Speaker, my question is for the Prime Minister. I ask if the letter tabled in the right hon. gentleman's name by the Secretary of State on Friday, directing the CRTC to look into the CBC, sets out all the directions and/or conditions of that inquiry?

The answer by the Prime Minister was as follows:

> Mr. Speaker, there is no direction before the CRTC other than that particular letter. So, to the extent that that is what the hon. member wants to know, that is my answer.

I hope that this information will satisfy my honourable friend, but should he wish to have supplementary information I am at his disposal to supply it.

The Hon. the Speaker: Is it agreed that the documentation be printed, honourable senators?

Hon. Senators: Agreed.

(*The documentation follows*):

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

Press Release

Ottawa, March 8, 1977

In letters dated March 4 and 8, 1977, the Prime Minister invited the CRTC to establish an inquiry as to the matter of whether the English and French radio and television networks of the Canadian Broadcasting Corporation, "generally, and in particular their public affairs, information and news programming", are fulfilling the mandate of the Corporation as set out in the Broadcasting Act.

The responsibility of the Commission under the Broadcasting Act is to regulate and supervise the Canadian broadcasting system with a view to implementing the broadcasting policy objectives set out in Section 3 of the

Act. These policy objectives include specific goals for the national broadcasting service.

The Commission has accordingly decided to undertake an inquiry into the matters contained in the Prime Minister's letter. The terms of reference of the inquiry and the manner in which it will be conducted are under consideration by the Commission which will make an announcement in this connection as soon as it has concluded its deliberation.

Guy Lefebvre
Secretary General

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

Public Notice

Ottawa, March 14, 1977.

Committee of Inquiry into the National Broadcasting Service

The Canadian Radio-Television and Telecommunications Commission has determined that it is in the public interest to hold an inquiry into the manner in which the Canadian Broadcasting Corporation is fulfilling its mandate, particularly with respect to public affairs, news and information programming.

The Commission has as a consequence established a Committee of Inquiry into the National Broadcasting Service. The Committee will be presided over by Harry J. Boyle, Chairman of the CRTC. The Chairman will call on the part-time members of the Commission and a number of other individual Canadians to assist him in the inquiry.

In embarking on this inquiry, the Commission considers itself duty-bound to safeguard three principles which lie at the heart of the Canadian broadcasting tradition and indeed of broadcasting in a free society.

The first is the principle of freedom of expression, restricted only by specific legal requirements and prohibitions.

Second, professional ethics and competence are paramount. Discrimination by reason of race, national origin, colour, religion, sex, or political views has no place in broadcasting.

And thirdly, the Commission reaffirms its commitment to the principle of public broadcasting in Canada.

The Committee of Inquiry will report periodically to the Commission, and will be asked to submit its final report to the Commission before July 1st, 1977. The inquiry is being undertaken pursuant to the Commission's mandate under s.15 of the Broadcasting Act, "to regulate and supervise all aspects of the Canadian broadcasting system with a view to implementing the broadcasting policy enunciated in section 3 of the Act".

Section 3 reads as follows:

"3. It is hereby declared that

(a) broadcasting undertakings in Canada make use of radio frequencies that are public property and such undertakings constitute a single system, herein referred to as the Canadian broadcasting system, comprising public and private elements;

(b) the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;

(c) all persons licensed to carry on broadcasting undertakings have a responsibility for programs they broadcast but the right to freedom of expression and the right of persons to receive programs, subject only to generally applicable statutes and regulations, is unquestioned;

(d) the programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;

(e) all Canadians are entitled to broadcasting service in English and French as public funds become available;

(f) there should be provided, through a corporation established by Parliament for the purpose, a national broadcasting service that is predominantly Canadian in content and character;

(g) the national broadcasting service should

(i) be a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportion,

(ii) be extended to all parts of Canada, as public funds become available,

(iii) be in English and French, serving the special needs of geographic regions, and actively contributing to the flow and exchange of cultural and regional information and entertainment, and

(iv) contribute to the development of national unity and provide for a continuing expression of Canadian identity;

(h) where any conflict arises between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, it shall be resolved in the public interest but paramount consideration shall be given to the objectives of the national broadcasting service;

(i) facilities should be provided within the Canadian broadcasting system for educational broadcasting; and

(j) the regulation and supervision of the Canadian broadcasting system should be flexible and readily adaptable to scientific and technical advances;

and that the objectives of the broadcasting policy for Canada enunciated in this section can best be achieved by providing for the regulation and supervision of the Canadian broadcasting system by a single independent public authority."

The Broadcasting Policy for Canada represents the goals and values towards which the national broadcasting service must strive.

In this context, and in view of the time constraints, the Commission has determined that the Committee's mandate should be as follows:

1. The Committee will examine and take into consideration all representations from the public submitted in response to this announcement. This appeal to the public is based on the fact that the national broadcasting service in its entirety is owned and maintened by the people of Canada;

2. The Committee will conduct interviews with members of the CBC and of the public in order to gain a fuller understanding of how information and other programming is perceived by them, and actually carried out;

3. The Committee will undertake research on specific matters related to programming and scheduling, as well as on the historical relationship between the French language and English language services of the CBC;

4. The Committee may selectively analyze particular programmes.

The public is hereby invited to submit in writing information and comment relevant to a proper assessment of the manner in which the CBC carries out its mandate. Any representations about specific programs that the public may wish to bring to the Committee's attention should be as factual as possible. The Committee would appreciate receiving letters by April 15, 1977, and they should be sent to the undersigned at 100 Metcalfe Street, Ottawa, Ontario K1A 0N2.

Lise Ouimet

Acting Secretary General

CANADIAN BROADCASTING CORPORATION

Press Release

Ottawa:

Al Johnson, President of the CBC, responded today to the March 14 announcement by the CRTC of the proposed terms of reference of the "Committee of Inquiry into the National Broadcasting Service".

"Parliament has empowered the CRTC to supervise the broadcasting system," said Johnson, "and the Board of Directors of the CBC accepts the inquiry under this provision of the law. Moreover the CBC is anxious to clear the air of the sweeping allegations which recently were made in the political arena against the CBC. The Board did, however, express some reservations concerning the lack of precision as to the objectives of the inquiry, and the manner in which it will be conducted."

The President said that he and the Board welcome the fact that the Chairman of the CRTC, Harry Boyle, will preside over the inquiry. "We are confident, as we said before", said Johnson, "that Mr. Boyle is seeking out people of the highest public and journalistic credibility to make the independent, objective and professional judgments which this very difficult inquiry will demand."

The CBC also welcomes the statement of principles outlined in the March 14 announcement by which the CRTC has said it will be guided in the conduct of its inquiry. "These principles are utterly fundamental to the preservation of the CBC and its independence from political interference. It is this independence which I as President have asserted unequivocally in the past few weeks," said Johnson.

The Board of Directors of the CBC recognizes that the CRTC is not yet in a position to define its precise terms of reference and manner of operation. However, the kind of participation and cooperation which will be called for from the Corporation will necessarily depend upon which course or courses the CRTC's Committee adopts.

In its Public Notice of March 14 the Commission invited the public "to submit in writing information and comments relevant to a proper assessment of the manner in which the CBC carries out its mandate", and it asked that "any representation about specific programs that the public may wish to bring to the Committee's attention should be as factual as possible". The CBC gathers that the breadth and nature of the comments received will materially influence the type of inquiry to be undertaken.

One possible course for the Committee would be to investigate specific allegations that the CBC is guilty of bias or lack of balance in certain of its news and current affairs programs—allegations which in the political arena at least, have been very vigorously pursued.

Specific complaints of this kind can only be judged in the context of the totality of CBC news and public affairs programs. Individual perceptions of a particular element of a particular program cannot be judged in isolation, if a fair judgment about alleged bias or lack of balance is to be made: such perceptions must be examined in the context of the whole program, then in the context of a representative selection of the programs in the series concerned, and finally in the context of the totality of news and public affairs programs.

Another possible approach of the CRTC's Committee would be to seek to make a judgment as to whether the CBC is fulfilling those parts of its mandate which apply particularly to news and public affairs programs.

To review in this way the whole of the CBC's mandate, as it applies to news and public affairs programming, would call for a quite different approach. In the judgment of the

Board of the CBC what would be required would be a comprehensive review of the whole range of news and current affairs programming, its scale and its content. Such a review would, in the view of the CBC, be very difficult to carry out in the time available.

A third approach would be necessary should the Committee decide that the information and comments submitted to it required a full examination of all aspects of the manner in which the Corporation discharges its mandate. Such an examination, which could only be based upon a detailed analysis of the entire range of CBC national, regional and local programming in English and French seems to the CBC to be clearly impossible in the time available. Moreover it would tend to go over again much of the ground covered by the February 1974 network licence renewal hearings during which the CRTC extensively solicited public comment on CBC programming, and it would anticipate discussion which will properly be the subject of the next network licence hearings scheduled for 1979.

The most any examination could produce at this time, in the opinion of the CBC, would be a compendium of views of the Corporation's programming received from interested individuals and groups. Such a compilation of public perceptions might prove to be useful to the Corporation as a form of interim representation prior to the formal hearings in 1979. For in the final analysis the Corporation's programming is its witness, whatever the context in which judgments are made.

In order not to abrogate the responsibility of the Corporation to Parliament for the decisions it takes, any judgment the Committee might make would properly be referred to the Board of Directors of the CBC, to be taken into account by it in making the decisions it is called upon to make under the Broadcasting Act.

"Whichever course the CRTC Committee finally settles upon," said Johnson, "the Board of Directors of the CBC is fully confident that the inquiry will be conducted with the kind of thoroughness, objectivity, and professionalism which is called for under the difficult circumstances which confront the CRTC. For the future of the CBC, and of public broadcasting in Canada, is at stake".

March 15, 1977

Information: Peter Meggs.

Senator Smith (Colchester): Honourable senators, I thank the Acting Leader of the Government for his interest and concern and his effort to get in touch with me. Just in reply to that, I may say that the committee which I was attending all morning adjourned at about 1.15. I found his message in my office after the adjournment. I endeavoured to return his call but was unable to reach him. I left a message with hs answering service and I then kept another appointment, and I have just now come into the chamber. I regret that I did not have the opportunity to take advantage of his courtesy.

I will not comment on the answers, not having had a chance to read them. I shall look at them with care and perhaps take advantage of Senator Langlois's kindness in saying that he would take some further concern with the matter, if I did. I must say, however, it seems to me that, if a question is asked in this house, it is entitled to be answered here in such a way as to be a direct answer rather than a repetition of an answer to another question obviously dealing with the same matter but in another particular in another place.

● (1430)

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Rowe for second reading of Bill C-35, to amend the Old Age Security Act.

Hon. Rhéal Bélisle: Honourable senators, I hope my Irish Canadian friends will give me the green light to speak on this their most celebrated day, but on a different subject.

Senator Flynn: Why not?

[*Translation*]

Senator Bélisle: Honourable senators, this being the first time this year that I have had the opportunity to speak in the Senate and take part in the discussion, I would like to congratulate Madam Speaker, who has been directing our proceedings for a few years. She has been discharging her duties in the Senate and elsewhere with grace and charm. I feel that she has considerably enhanced the prestige of the Senate in the minds of Canadians generally and Ottawa residents more particularly. I am pleased to see you in the Chair as usual, Madam Speaker, and I hope that all senators will be aware of your understanding patience.

I would also like to congratulate the new senators who have joined us since the last session. Two among them, namely, Senators Ewasew and Rizzuto, are for me new faces and names since I never had the opportunity to meet them before their appointment to the Senate. This first contact was a real pleasure for me and also for them, at least I hope so. I expect that our dealings over the years will enable us to become better acquainted and that through them the Senate will further contribute to the public good.

Senator Marchand, of course, does not need any introduction. He surely stood out in the Canadian community when playing his role in the other place. His first speech in the Senate was for me a breath of fresh air. I liked it. I appreciated it. I knew he could make such a contribution. I hope he will continue for many years to let the Senate benefit from of his long experience, his wit and his charm.

Senator Steuart is a newcomer to the Senate, but he is surely not unknown in western Canada. I hope that his health will enable him to continue to serve western Canada and the entire country.

[*English*]

Honourable senators, may I offer my congratulations to Senator Rowe for the explicit way in which he introduced this important bill. To follow Senator Croll is not an easy task. When he was chairman of the Special Senate Committee on Poverty I was always impressed by his knowledge of and care for the needy and the poor. He and Senator Rowe had long and distinguished careers in their respective legislatures of Newfoundland and Ontario, and both were in the House of Commons before entering this chamber.

Honourable senators, the question of old age pensions first began to attract considerable attention during the session of 1906-07. The first legislative action of the Canadian Parliament in this field was the passage of the Government Annuities Act in 1908. This was followed by a series of committees which studied the problems of the aged. In 1924 a special committee of the House of Commons recommended that an old age pension system be established for indigent persons aged 70 and over; that the pensions be payable to British subjects of at least 20 years' residence; that the maximum rate be $20 a month; and that one-half the cost be borne by the federal government. These resolutions were submitted to the provincial governments in 1925, and were then embodied in a federal bill which was introduced and passed by the House of Commons in 1926, but which, let us note, was rejected by the Senate. In 1927 the same bill was reintroduced and was passed by both the House of Commons and the Senate.

The Old Age Pensions Act offered federal grants-in-aid to any province which would pass enabling legislation and sign an agreement with the federal government for the payment of old age pensions. Under the agreement, administration was left in the hands of the provincial governments. Under this program, assistance was given to Canadian citizens or British subjects of 70 years of age or more, who met residence requirements and qualified under a means test. This first pension program was characterized by a wide variation in the extent of participation by a province and in the application of the means test.

Thus, in 1950 a Joint Committee of the Senate and the House of Commons was appointed to examine the subject of a universal old age security system. A year later, the Old Age Security Act was passed. This act, effective January, 1952, provided flat rate benefits for everyone who met age and residence requirements.

In 1963 a special committee of the Senate was appointed to examine the problems involved in the promotion of the welfare of the aged and aging persons. When the special committee tabled its report in the Senate on February 2, 1966, its first recommendation was that the federal government begin to study the institution of an income guarantee program for all persons aged 65 and over. There has been action on this recommendation. Beginning in 1966 the qualifying age for old age security pensions was reduced annually by one year so that by 1970 the plan was universal for all individuals 65 years and over, and in 1966 the guaranteed income supplement program was introduced through an amendment to the Old Age Security Act. This program provides a supplement to pensioners with little or no income other than the old age security pension. In 1972 legislation was passed that assured that benefit levels would be fully adjusted once a year based on the consumer price index. The idea of the price index is not new, as it was advocated most forcefully by the former Leader of the Opposition in the other house, the Honourable Robert Stanfield. It is obvious that this idea of indexing wages, salaries and pensions has great merit, because it was quickly taken up by the Honourable John Turner, the former Minister of Finance, after he attempted to refute it. A year later it was announced that adjustments would be made quarterly, commencing in October, 1973.

There are now approximately 1.9 million old age security pensioners, representing about 8 per cent of the total population, and I wish to emphasize that nearly 60 per cent of pensioners now receive the guaranteed income supplement. In other words, those who built the country are not rich; those who made a large contribution to it need the supplement.

Before looking at the proposed amendments to the Old Age Security Act, it is worthwhile summarizing the general terms of eligibility as they stand at present. Currently a person must have resided in Canada for at least 10 years immediately before his application for the old age security pension is approved or, if he has not resided in Canada during this entire 10-year period, he must (1) have been present in Canada before this period and after the age of 18 for periods that equal at least three times the length of his absences from the country during the 10-year period; (2) have resided in Canada for the year immediately preceding the date his application is approved; or (3) he must have resided in Canada for a total of 40 years since the age of 18. If he meets this last requirement, he does not have to be residing in Canada when he applies for the pension.

● (1440)

A pensioner who is entitled to the old age security pension, and who has resided in Canada for a total of 20 years since the age of 18, can continue to receive the pension whether or not he resides in Canada; otherwise, he is entitled to the pension for the month he leaves Canada and six further months only. If he has not returned to Canada at the end of that period, payment is suspended but may be resumed when he returns.

A person cannot receive the old age pension until he reaches the age of 65. A pensioner's spouse, who is between the ages of 60 and 65, may be eligible for a spouse's allowance upon submission to an income test.

Bill C-35 has two main objectives and they are, first, to provide a single eligibility requirement for the old age security pension, and, secondly, to provide enabling legislation for reciprocal agreements with other countries with respect to old age security pensions.

Let me discuss the single eligibility requirement. Instead of the present formula, whereby one may qualify for an old age security pension in a number of ways, the pension will be earned for each year of residency in Canada after age 18, up to a maximum of 40 years. Partial pensions will be available to

those persons who have less than 40 years' residency in Canada. The provision requiring a minimum of 10 years' residency for any pension to be payable in Canada, and the one requiring 20 years' residency for a pension to be paid outside Canada, will continue.

This objective is noteworthy and will enable more individuals who have lived and worked in Canada to qualify for the old age security pension. Previously, the old age security pension was an "all or nothing" proposition—one either qualified for the whole pension or one received nothing at all. The payment of partial pensions will mean that individuals who have been resident in Canada for less than 40 years will be entitled to receive a pension for the years they have worked and lived in Canada. The single eligibility requirement will overcome instances of inequitable treatment whereby different years of residency have different weights in regard to pension benefits.

The second objective of Bill C-35 is to enable Canada to negotiate reciprocal agreements with other countries regarding social security payments. The inclusion of old age security pensions in these agreements will make benefits portable to and from countries with whom Canada has agreements. This objective is also commendable as it will benefit those retired immigrants who have come to Canada to be near their families, but who have had their pensions from a foreign country frozen at the level at which they were on the day of their departure. Needless to say, in many cases these pensions have been severely reduced in actual purchasing power by inflation and rising prices.

There can be no argument with the general thrust of the legislation, but there are some aspects of it that cause concern. With reference to reciprocal agreements, I am concerned about those individuals who come to Canada from countries where social assistance programs are not available, or from countries with which Canada will not have, or will not likely have, a bilateral agreement. These people will only be able to receive a partial pension at age 65. Additional or supplemental pension benefits will not be available to them through the reciprocal agreements, nor will they be able to earn additional pension credits for additional years of residency in Canada. The rule states that once in pay, the amount of a pension cannot be increased by virtue of additional residence in Canada.

Will the partial pension be adequate to support a person if he has no other means of support? Should we penalize someone who comes from a country with which Canada has been unable to negotiate an agreement? An examination of the material supplied by the Department of National Health and Welfare indicates that the first countries with whom Canada is likely to negotiate reciprocal agreements are highly developed nations such as the United States and the United Kingdom. But what about immigrants from Third World countries who will be unable to earn full pension credits, and who will not benefit by reciprocal agreements?

My second area of concern is that of the difficult choice which will confront those people, who have come to Canada in middle life, when they reach the age to apply for an old age security pension. They are eligible for a partial pension, but once a partial pension is in pay, the amount of the pension cannot be augmented by additional years of residency in Canada. Since the amount of the partial pension is based on length of residency prior to application, should one put off applying for the pension for as long as possible in order to obtain a higher pension?

Let me cite the following example of a person who has just turned 65 years of age and who has been in Canada 19 years and 11 months. If he applied for the pension immediately, he would receive 19/40ths of the pension; If he waits one month, he would receive 20/40ths of the pension. In this case the person could wait one month and then receive a higher pension. But should he wait a few more years before applying so that his pension will be even higher?

My third area of concern is that of the date of proclamation. The bill states that this act shall come into force on a day to be fixed by proclamation. Exactly when will the date be? This is very important for someone aged 54 who is in Canada as a landed immigrant one day before the proclamation, for he is entitled to the pension benefits under the old rules whereby a person can obtain a full pension after ten years. A person of the same age who arrives one day later will be subject to the new rules and will receive only a partial pension.

There is an area that Bill C-35 does not consider, but which is deserving of attention. It is the area of the spouse's allowance. As the result of legislation in 1975, a pensioner's spouse who is between the ages of 60 and 65 may receive an allowance upon submission to an income test. This legislation was intended to cover the case where one of the spouses was forced to retire, and where two persons had to live on the pension of one. However, if the pensioner dies, the spouse is immediately cut off from all the pension benefits—old age security pension, guaranteed income supplement and spouse's allowance. Is it not heartless treatment of a bereaved person to stop payment of all pension benefits?

• (1450)

Senator Croll yesterday said that if we leave this chamber without passing this bill every one of us will have a guilty conscience. But what about the negative effect of this very important clause which suspends all payments after death of the pensioner? Do we not care for those who live on?

Senator Croll also said:

> I thought that by putting the act into effect in 1975 we were doing something good. It turned out that it was not good, although up to a point it was. When you find something just will not work, there is nothing to do except correct it. In these circumstances, I think none of us will walk out of this chamber today without feeling a twinge of conscience about what we are doing, but that will lead us to say, "Well, let us correct this situation as soon as possible, and include those other people."

Why not erase this faulty clause of suspension right now, instead of waiting and bringing this bill back next year for further amendment? The survivor still needs an income in

order to purchase the necessities of life. After all, the person has already proven the necessity of such an allowance. The government should consider this aspect of the Old Age Security Act, and rectify this unfortunate situation.

Bill C-35 is a progressive piece of legislation, but it deserves the criticism it has received in the two or three areas I have mentioned, and I believe that the Standing Senate Committee on Health, Welfare and Science should scrutinize the *bona fide* request I have made. However, I would like to emphasize the necessity of having adequate publicity of the proposed changes so that members of the public will know and understand their rights in respect of old age security pensions. Furthermore, it is imperative that the rules of this pension system be fully explained so that the public will be able to decide when and how to apply for pension benefits.

Hon. Frederick William Rowe: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if Senator Row speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Rowe: Honourable senators, I should like, first of all, to thank you for the courteous way in which you have received this bill. I think the speech I made yesterday was listened to very attentively. Senator Croll, as one might expect from his record of dedication to the cause of social welfare in Canada, made a passionate speech on further welfare needs in Canada, particularly of those who are in the grey zones and those who may be caught by some exigencies of fate, especially widows who are getting along in years.

There are a great many aspects of social welfare that still need to be dealt with, and I say that in spite of the fact, which I have publicly acknowledged on many occasion, that in my view Canada has one of the most enlightened systems of social welfare in the entire world. It is not the best. I think the best would probably be found in two or three smaller countries, such as New Zealand and Sweden, but certainly it is one of the best; of the middle and larger countries I think it probably is the best, and we can be proud of it. Many people from the underdeveloped countries of the world, the so-called Third World, are anxious to take up residence in Canada, and that, I think, is a reflection of their recognition of the fact that, among other things, we do have a very comprehensive system of social welfare.

Having said that, I maintain that we cannot be complacent, because all of us who have had experience of public life—which I think applies to everybody in this house—or, for that matter, in professional life, must know that there are great social and welfare needs in Canada that have not as yet been dealt with effectively. As I have mentioned here on several occasions, there are the needs of the battered, abused and neglected children of Canada. What we are doing for them is shamefully small, shamefully inadequate. What about the wives who are battered, bruised and kicked from hell to Hackney across Canada? What is being done about that problem? I recognize that we can never have a perfect system of society, humans being what they are and human nature being what it is, but that does not mean to say we should not try to do something about those grave areas of need.

I think it relevant to the point made yesterday by Senator Croll, and perhaps to that made by Senator Bélisle today, to add that, of course, we would all like to see additional consideration given to spouses. We know that many recipients of the old age security pension are forced to live on that almost entirely, and that in some cases the amount is inadequate. We would all like to see more given. However, a point I neglected to make yesterday when introducing the bill is that this is not the time when Canada can afford to launch out on additional major expenditures in the realm of social welfare.

The other day I asked some of the people who should know what the costs would be if we were to implement some of the very legitimate suggestions made by certain members in the other place. The additional cost would run immediately to billions of dollars a year. As desirable as some of these things are, and as great as our concern is, can we at this time in Canada afford to launch out on vast new expenditures? I know this is something we can argue. I know it is a matter of priorities and we could argue it *ad infinitum*, but I mention it now to indicate that all of us, in both this house and the other place, recognize that these amendments are not a panacea for all the needs of social concern that we see.

• (1500)

This bill is a step forward. I believe that fact is acknowledged by Senator Croll and Senator Bélisle. It is an improvement which, as it happens, will not cost us—certainly not immediately—very much in the way of additional expenditure, and that, in my opinion, is a very important consideration at this time. It removes some of the inconsistencies and inequities and what might be described as discrimination. Obviously, it is wrong that one person after ten years can obtain a full pension here while another Canadian-born citizen, for some reason perhaps beyond his or her control, having spent 35 years in Canada as an adult finds that he or she cannot get a pension. That should be rectified, and this bill will go a long way towards rectifying it.

As it happens, these amendments will not at this time, and perhaps not in the foreseeable future, impose a significantly heavy additional burden on the taxpayers of Canada. In my opinion, that is a very important consideration.

I do not believe that I need to deal with any more detail at this time. I appreciate the spirit in which Senator Bélisle has spoken, also Senator Croll who, I regret, is not present at this moment.

Senator Bélisle: Honourable senators, I would like to ask a question of Senator Rowe, the sponsor of this bill.

I tried not to make as impassioned a plea as Senator Croll made. He is known for that, and for the kindness he feels toward the needy and the poor. However, Senator Rowe said that we cannot afford this, but according to my information he was either misinformed or the information given him was not

totally correct. I am told that so few widows would receive an increase under this legislation that it would not cost more than $2 million per year. If we have no money—and I am not criticizing the program—how can we afford to spend $1 billion through CIDA? How is it that it was reported in the newspapers yesterday that we are to give $500 million to needy people?

In considering this legislation, can we not decide that there is $1 million or $2 million that can be made available for those poor widows? It is true that they are poor, and if a spouse dies and the widower or widow, whoever it is, applies he or she receives nothing except welfare. It is a fight between welfare in the federal sense and welfare in the provincial sense, and one level of government passes the buck to the other. It is in this sense that I say the committee should study this bill. The amount involved is so little. We have, as Senator Rowe said, eliminated discrimination. Why should we not go a little step further?

Senator Langlois: Who is closing this debate?

Senator Bélisle: I think you should be patient. I do not do this too often, and I have always demonstrated much patience in this chamber.

Senator Rowe: I thank the honourable senator for once more elaborating on the points he made earlier. I hasten to say, however, that no one informed me, officially or unofficially, that Canada could not afford this or that at this particular time. I was simply expressing the general view which was made evident in the other place, and which is obvious to anyone who followed the debate there. In my opinion, most Canadians would agree that we must be extremely careful as to incurring additional expenditures at this particular time, with all the social and economic problems confronting us.

I presume this bill will be referred to committee, where Senator Bélisle and all of us will have the opportunity to express our views. The action the committee will take is, of course, beyond my ability to anticipate at this time.

However, in conclusion, I do feel that this bill is a major step forward. It is not completely adequate, it does not remove all the inequities, but it is something, and something which will not substantially increase the financial burden on Canada at this time. It is one more indication that we are on the alert in our endeavours to improve the social welfare program of this nation.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Rowe moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (D)

On the Order:

Resuming the debate on the consideration of the Report of the Standing Committee on National Finance on the Supplementary Estimates (D) laid before Parliament for the fiscal year ending the 31st March, 1977.—(*Honourable Senator Grosart*).

Senator Grosart: Honourable senators, I would ask that this order be postponed and that it stand in the name of the Honourable Senator Flynn.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

NORTH ATLANTIC ASSEMBLY

TWENTY-SECOND ANNUAL SESSION, WILLIAMSBURG, VIRGINIA, U.S.A.—DEBATE CONTINUED

The Senate resumed from Tuesday, March 15, the debate on the inquiry of the Honourable Senator McElman calling the attention of the Senate to the Twenty-second Annual Session of the North Atlantic Assembly, held in Williamsburg, Virginia, U.S.A., from 12th to 19th November, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. Paul C. Lafond: Honourable senators, I shall be brief indeed, since the purpose of my intervention is to draw the attention of the Senate to two items which were dealt with by the committee which I attended at the North Atlantic Assembly in Williamsburg, the Science and Technology Committee. I would, however, like to touch a few more bases, so I apologize in advance if in so doing I appear to ramble somewhat.

[*Translation*]

Madam Speaker, I already had the opportunity and the pleasure to extend my respects, my congratulations and my deep feelings of admiration. If this is going to become an annual tradition, as it seems to be the case, I fully agree with it. You would probably remember that when you acceded to the Chair I offered you in writing some brief suggestions. I feel perhaps a little sorry that the protocol does not allow you to wear a bright green jabot today.

[*English*]

Possibly this might be as good as Irish coffee for the cold from which you appear to suffer today.

[*Translation*]

First I wish to welcome the new senators who have been introduced since the last time I rose in this house.

First, I say welcome to Senator Jean Marchand, whose talent, sincerity and patriotism are well known. In the present political context, Senator Marchand needs a federal political platform and the federal political scene needs Jean Marchand.

We are pleased and very grateful that the Canadian Senate was the chosen medium for this.

• (1510)

[*English*]

Senator Steuart, a long-standing friend of many of us, has, in an unobtrusive and most effective manner, fitted into the work of this chamber and its committees. I have no doubt that he will, in turn, exhibit the high standards that we have observed in so many honourable senators, past and present, from Saskatchewan, all of whom contribute, or have contributed, greatly to the work of this chamber.

[*Translation*]

As for the two new senators from Montreal, I also warmly welcome them. They both represent two non-founder ethnic groups who have made a number of major economic and cultural contributions to the Canadian nation. I am sure they will be worthy representatives of their people, their province—my province—and their country—my country.

[*English*]

My senior colleagues, both in this chamber and as delegates to the North Atlantic Assembly, have covered the essence of the Williamsburg meeting, for which I am thankful. I congratulate them on their excellent speeches. I am particularly grateful to Senator Yuzyk for having placed on our record of February 1 the resolutions and recommendations of the assembly.

I wish to concur in and support two statements made by Senator Yuzyk in his remarks on this subject, the first of which appears at page 281 of *Hansard* of February 1, 1977, as follows:

> —the Canadian delegation always presented a united front and stand in the committees and in the plenary sessions, which won us considerable respect.

It may be somewhat unusual to point to a united front by Canadians, but one must bear in mind that out of the 15 NATO countries 13 are European, and at least eight of them are countries which, at the parliamentary level, meet constantly under one flag or another—if not of NATO, then of the Parliament of Europe, the Council of Europe, the Western European Union Assembly, or some other such organization. The same delegations seem to attend all of the various organizations, which makes one wonder when they can find the time to attend to their own parliamentary duties. As there appears to be a true Parliament of Europe in the offing, they have a tendency to regroup along ideological rather than nationalistic lines, and in more recent years that tendency has spilled over to the North Atlantic Assembly.

Honourable senators will recall that in the early 1960s, three wise men of NATO recommended that the organization should venture beyond the limited field of defence into an era of economic and political close cooperation. Serious consideration was even given in the late 1960s to NAFTA, the North Atlantic Free Trade Association. That was at a time when the United Kingdom was knocking, unsuccessfully, at the door of the European Economic Community and was in need of an alternative.

In view of the many regroupings which have taken place in Europe, I wonder if now, a decade later, it would not be desirable to reassess NATO and recast it in view of its purely defensive foundations, all the more so since we now are faced with the accession of Euro-communists in the sharing of government responsibility in more than one of the member countries, and that includes the possible result of the recent elections in France.

The second point I wish to support in Senator Yuzyk's remarks is as follows:

> Because I personally knew many delegates from the other countries, it was easier for me to play a more active part in the work of this committee—

That, too, was my experience.

Coming to my committee, the Committee on Scientific and Technical Matters, we had the opportunity to listen to three most interesting speakers, the first of which was Dr. Alvin Toffler, an individual who is well known to most of us. He addressed the committee in a morning session and, because of the interest on the part of the committee members in the subject on which he addressed us, "The Future of Parliamentary Democracy," he was held over into the afternoon session. His was a subject matter which did not fall within the strict purview of the committee but was, nonetheless, of extreme interest to us as parliamentarians.

On the second day we had an address from Dr. Frank B. Ryan, Director, House Information Systems (U.S. Congress), on computing as an aid to legislative effectiveness. Again, this was a subject which would be considered on the fringe of the scientific and technical, but it was, indeed, a most interesting address and a most interesting demonstration.

As an aside, Dr. Ryan, for the benefit of those of you who are sports-minded, was a starting quarterback for one of the west coast National Football League teams for a decade or so. He provided us with an amazing exposé of the methods now used for the retrieval of information and the availability of information to members of the U.S. Congress.

I had the opportunity of being in Washington about two weeks ago in another capacity, at which time I visited the research department of the Library of Congress and requested a practical demonstration of the capacity of that information system. Members of the U.S. Congress, as a rule, have in each of their offices a computer terminal. If one desires information on, for example, nuclear waste disposal in the northwestern United States, one simply dials a number, and within 15 seconds the information appears on the screen. If one wishes a print-out, it simply requires the pushing of a button, and within 20 minutes the print-out is delivered. That information system covers an infinite number of subjects.

The third speaker to address our committee was one Dr. Baumgardner, who put before us the potential, the capabilities and the achievements of the Landsat program. I do not intend to go into the details of that presentation, but it did prompt a

resolution from Canada which was adopted unanimously, and I will refer to that resolution in more detail in a few moments.

Among the subjects reviewed by the committee, all of which are referred to in the appendix to *Hansard* of Tuesday, February 1, was a resolution on science and the arms race, which was purely a follow-up on the previous year's studies, and a resolution on the rational development of the oceans. At the spring meeting last year, Canada had been asked by the committee to prepare a report on this subject, and that report was prepared by M. Jacques Guilbault of the other place, who had been vice-chairman of that committee but who, because of his new functions, could not attend the last meeting. Nevertheless his report was received and adopted unanimously by the committee, as it was by the General Assembly.

● (1520)

This report essentially brought forward the same points that were brought forward by Canada itself at the Law of the Sea Conference, namely, to undertake steps regarding the early ratification of the proposed 200-mile economic zone; to support the proposal for the creation of an international body entrusted with regulation and management; to establish a common heritage fund for humanity; and to establish institutions and mechanisms for the efficient control of trans-national corporations et cetera. We are all familiar with this policy. The proposal of Canada, as I said a moment ago, was adopted unanimously by both the committee and the plenary assembly.

Following up on earlier work, resolutions on the control of narcotics, technological development and unemployment were brought up to date. Another resolution, again an up-dating of the committee's work, on the challenges of modern society, was brought forward with an addition at the request and suggestion of France, particularly, and one or two other European coastal countries, urging the member governments of the North Atlantic Alliance to work toward international regulation of the sea routes used by large bulk carriers of hydrocarbons with a view to reducing the risk of accidents and their possible consequences to the coasts. So to those countries I say: Welcome to the club. Their worries and ours have now been identified.

One resolution which was brought forward by Canada, as a result of Dr. Baumgardner's presentation, was on satellite technology. The program has now been under way and Landsat scanners are at work. Landsat I was launched in 1972, and Landsat II was launched in 1975. Landsat III is to be launched in the third quarter of this year, and Landsat IV is scheduled for 1978. Proof was given to us that these satellites can make the most thorough inventory of our land resources in agriculture, in mining, and in a number of other fields. At the moment, Landsat II can be focused on an area of about 70 square miles, and it is claimed that Landsat IV, which will be launched in 1978, will be able to focus on an area of four hectares. It is almost impossible to believe the amount of research—and instant research—that can be done with these mechanisms as far as resources, climatological changes and changes in the standing of agriculture and anything of that sort are concerned. They can be of tremendous value, not only to the world at large but particularly to underdeveloped countries where the development of resources is an imperative requirement.

Another aspect is that when we have this kind of instrumentation orbiting the world, those nations which are hostile to us will immediately brand them as spying mechanisms. This is a price we have to pay. Nevertheless, in the view of the Canadian delegation, this has to be attenuated as much as possible because the value of the program itself is such that we should make every effort not to let it drop.

So the Canadian resolution urges the member governments of the North Atlantic Alliance, and the Government of the United States in particular, to assure that there will be no gap in the data flow; to move towards an operational global earth resources information system which will provide on an equitable basis to all nations satellite data within a short time after acquisition; to seek international participation to design an international institutional framework to implement and manage the equitable distribution of land and sea resources data; and to design and implement educational programs to assure the effective transfer of this information technology to the developing countries. This initiative of Canada was again adopted unanimously both by the committee and the plenary session.

Honourable senators, I have already suggested that the raison d'être of NATO is mutual and collective defence, and that none of its members should lose sight of that fact. Senator McDonald's contribution to this debate was therefore basic and all-important. I thank him for, and congratulate him on his speech. Senator McDonald has been our foremost spokesman for several years on the Military Committee, and he is highly respected by the delegates of other countries. I congratulate him also on his selection to the Subcommittee on European Defence Cooperation which will address itself vigorously to the question of standardization and interoperability of armaments and equipment. I believe the Committee on Science and Technology should also give priority and attention to this program, and I pledge to draw its attention to it if I am given the opportunity.

Senator McDonald also pointed out that we have no procedure in the Senate by which we can talk to our defence people. Indeed, I made the same point myself a little over a year ago when, in reporting on the Copenhagen meeting, I suggested some means should be devised to ensure the annual appearance before a committee of the Senate of the Minister of Defence and his aides. There is in this chamber a large reservoir of knowledge and experience in matters of defence, and surely it should be put to productive use. According to my recollection, since I have been in the Senate, the only discussion we have had on defence has been on Senator McDonald's annual report respecting the North Atlantic Assembly. I do not care to say whether his suggestion or mine is the better, but I hope the leadership of the Senate will consider them seriously, and soon.

Now, I cannot let Senator McDonald get away with all that he said, particularly his conclusions. He drew attention to the fact that we have 74 generals, one for every 258.8 privates or

624.5 privates and corporals. I do not question his figures because they are probably right, but I suggest he may have been on the fringe of misleading advertising when he presented them in that way. Let it be said that we have one general for just over 1,000 men in our armed forces.

● (1530)

It depends upon your point of view, but, in my opinion, the 78,000 people serving in our armed forces cannot be a defence force when you consider the breadth and width of our country, and the spot duty our armed forces have to perform here and there around the world. No, they are a nucleus of highly-efficient, highly-technical, and highly-trained force which would form the backbone and the yeast of a much larger Canadian force should there be a worldwide conflict in which we are involved.

I will concede that the proportion of officers to men may seem ridiculous to some, and it may be considered extremely costly to pay the wages of 74 generals and to keep replacing them as they retire. Nonetheless, should a worldwide conflict explode, and should we be in the position where it is necessary to bring into the ranks of the armed forces 750,000 men over a period of six or nine months, I would feel a far sight safer if I had in my back pocket 74 generals who are alert, ready, trained, in shape and in position to do the job needing to be done at the time.

Another facet of the same argument is that there are career officers who have spent years learning, training, gaining experience and so on, and who have come to the point at which they could be made generals, and the question is: Should we keep them at a lower rank simply because we are not involved in war? That kind of question is debatable, of course, but I suggest to you, honourable senators, that it strengthens the argument put forward by Senator McDonald and myself that we do need a forum in this chamber in which to discuss and to debate defence matters.

On motion of Senator Bélisle, for Senator Smith (Colchester), debate adjourned.

The Senate adjourned until Tuesday, March 22, at 8 p.m.

THE SENATE

Tuesday, March 22, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE LATE MARJORIE PETTEN

TRIBUTES

Hon. Frederick William Rowe: Honourable senators, I am sure I speak for the entire Senate when I say that it was with deep regret and genuine sympathy that some of us heard yesterday, and some today, of the passing in the early morning of yesterday of the mother of one of our colleagues, Senator W. J. Petten.

Mrs. Petten had a double claim to the feelings and respect of the members of this chamber. Her husband, the late Honourable Ray Petten, was for twelve years a member of this house. He was, I believe, following several years of intense, dedicated effort in the cause of bringing about the union of Newfoundland and Canada, the first Newfoundland senator to be appointed in 1949.

Senior members of this chamber will remember Mrs. Petten, as I and the other Newfoundland senators do, as a most gracious and charming lady dedicated to her husband and her family. They will regret to know that her last years were characterized by intensive suffering, which she bore without complaint.

When I spoke to our colleague Senator Petten last night at the funeral parlour he asked me to express his and the family's appreciation for the tokens of sympathy and respect which they had received from members of the Senate individually and collectively.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the name of Mr. McCain had been substituted for that of Mr. Balfour and that the name of Mr. Balfour had been substituted for that of Mr. McCain on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of reports, issued by the Department of Energy, Mines and Resources, entitled:

1. "Oil and Natural Gas Resources of Canada 1976"
2. "Oil Sands and Heavy Oils: the prospects".

Report of the Governor of the Bank of Canada, including statement of accounts certified by the Auditors, for the year ended December 31, 1976, pursuant to section 26(3) of the Bank of Canada Act, Chapter B-2, R:S.C., 1970.

Copies of the Fifth Report of the Advisory Group on Executive Compensation in the Public Service, dated March 1977, issued by the Office of the Prime Minister of Canada.

Copies of Report entitled "Highlights of the proposed new legislation for young offenders," issued by the Department of the Solicitor General.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, 23rd March, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (2010)

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, March 23, 1977, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, before the question is put, I should like to add that the committee is scheduled to sit at 3.30 tomorrow afternoon.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

NOTICE OF COMMITTEE MEETING

Senator Langlois: Honourable senators, while we are dealing with committee meetings for tomorrow, I should like to announce at this time that the Standing Senate Committee on Health, Welfare and Science will meet after the Senate rises tomorrow to consider Bill C-35, to amend the Old Age Security Act.

THE HON. RAYMOND J. PERRAULT, P.C.

VISIT TO ARGENTINA—QUESTION

Senator Flynn: Honourable senators, may I ask the Acting Leader of the Government if he has any news from the Leader of the Government concerning the disturbance which apparently took place yesterday in the Argentine. I understand he was near where the event took place.

Senator Langlois: I am sorry, I have no information about the Leader of the Government at present. I am informed that he is due back in Canada at the end of this week and will be in this house early next week. I have no further information.

Senator Flynn: I hope there is no relation between the disturbance in Buenos Aires and his presence there.

Senator Langlois: I have no information.

NORTH ATLANTIC ASSEMBLY

TWENTY-SECOND ANNUAL SESSION, WILLIAMSBURG, VIRGINIA, U.S.A.—DEBATE CONCLUDED

The Senate resume from Thursday, March 17, the debate on the inquiry of the Honourable Senator McElman calling the attention of the Senate to the Twenty-second Annual Session of the North Atlantic Assembly, held in Williamsburg, Virginia, U.S.A., from 12th to 19th November, 1976, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. George I. Smith: Honourable senators, in entering this debate, I propose in due course to say a little about military matters. I must express some diffidence at doing so in the presence of so many distinguished former members of our armed forces: sailors, soldiers and airmen. I hope that if they disagree with me they will bear with me until I have finished what I have to say, and I shall then be pleased to be told where I have gone astray—not, I hope, with more vehemence than I use myself, which may provide a reasonable amount of leeway.

Senator Hicks: Hear, hear.

Senator Smith (Colchester): It seems to me that I hear a familiar voice. I should also like to say, as I begin, that I believe we are all greatly indebted to those who have already participated in this debate. It has, of course, ranged over a diversity of subjects, a diversity which I have come to the conclusion is necessary if we are to consider the many aspects of international affairs with which NATO must necessarily be concerned. For instance, a glimpse at appendix "A" to *Hansard* of Tuesday, February 1 of this year, published at the request of Senator Yuzyk, will illustrate this diversity. The table of contents of the appendix covers such items as education, cultural affairs, floor prices for raw materials and their impact on international trade, energy supplies, joint strategy for further economic development, control of narcotics, common nuclear policy, rational development of the oceans, the coming to power of Communist Parties, and many items other than those more directly identified with military matters.

I venture to say that the wide scope of NATO concerns is not always kept in mind, and that it is helpful to remind us and the public generally, from time to time, how wide the scope of these matters of concern is, and how important they are. On this occasion, however, I wish to speak, briefly I hope, although perhaps not so fervently as others do, on two or three military matters only, and in particular on some points raised by Senator McDonald and Senator Lafond. Both these distinguished colleagues of ours have considerable experience in NATO affairs, as well as gallant wartime service in our armed forces. They are certainly well qualified to speak of such matters, and I congratulate them on their able and eloquent contributions to this debate. I wish also to congratulate Senator McDonald on his election to the European Defence Co-Operation Committee, a subcommittee of the NATO Committee on Defence. This is certainly a well-deserved recognition of his knowledge, ability and interest in NATO, as well as, I suspect, a tribute to Canada. I join with all senators in expressing the conviction, most warmly and confidently, that he will be a vigorous member of that subcommittee, and that he will serve it with distinction to himself and with credit to the Senate and to Canada. I am sure I was not alone in listening with great interest to Senator McDonald's well documented and, as I have already said, eloquent speech of last week. It was most informative, and I am glad to be able to say that I support its main thrust, although I cannot support everything he said.

I should like to mention first his emphasis on what he called, and what is called in many NATO documents, the interoperability of NATO defence weapons and equipment. I want to say that I think this emphasis cannot be repeated too often on this point. I think he is right, not only because of the wasteful extravagance which must result from failure faithfully to follow this principle, but even more so because of the ever present danger of difficulties and failures which will inevitably occur in the use of weapons and equipment which are not interoperable.

Consider for a moment what might be thought to be a somewhat dramatic example of this kind of thing, but which

has nevertheless happened on other occasions and which could well happen again. It will certainly illustrate my point. Consider the helplessness of a soldier facing an attacking enemy with a perfectly good machine gun of his own nation and plenty of allied ammunition which will not fit it. That is a simple, perhaps dramatic, example, I say again, but one which is very easy to understand and which I think clearly illustrates the principle of interoperability.

Senator McDonald spoke of tanks, aircraft, air-to-ground and ground-to-air rockets and other weapons, and pointed out how far we have to go to achieve the proper degree of interoperability. But, honourable senators, I want to say that the importance of this principle does not begin or end with weapons or weapons systems. A military force on land, at sea or in the air, depends on its ability to move all kinds of things in all kinds of conditions. Interoperability must extend to all pieces of equipment which are necessary to perform these great feats of movement of stores, ammunition and people which are so necessary for an effective military force. What good is it, honourable senators, if your truck breaks down because of a faulty fuel pump, for instance, and you have a perfectly good fuel pump which turns out to be one that will not fit because it was made by and for another nation. We can go all through the multitude of items which must be available in good working condition for any kind of military force to be effective, and readily foresee what troubles are bound to occur if there is not interoperability. Therefore, I want to add my emphasis to what Senator McDonald said about this point.

● (2020)

Of course, one must pay proper attention to a fair distribution of the economic consequences of interoperability, but one must not let that attention, I submit, obscure the importance of the principle itself. I trust our Canadian defence and political authorities will keep it clearly and firmly in mind, and do whatever they can to encourage our NATO partners to do the same.

This brings me to another of Senator McDonald's ideas that I would like to support—the necessity of some formal means by which the Senate can communicate with Canadian defence people. He suggested a joint Senate and House of Commons defence committee, because he thought separate defence committees might lead to duplication and thus a waste of time and effort.

Senator Lafond, as I understood him, agreed with the general concept of a committee or a channel of communication, but tended towards the belief that a Senate committee would be preferable. I do not profess to have sufficient experience of joint committees to know which course is better. However, I have read some, at least, of the proceedings of the committee of the other place on External Affairs and National Defence. As a result of that reading, I tend to think the danger of duplication and waste of time is not so great as might at first have been supposed, and also that a Senate committee might have the opportunity to explore somewhat different avenues of interest. In any event, I certainly support the general concept, and commend it for further and careful consideration.

Now I reach a place where I must express my disagreement with some views that Senator McDonald expressed last week, and I do this with a great deal of regret. I am afraid I disagree pretty strongly with him. He said—correctly enough, no doubt, so far as the numbers go—that we have 74 generals. Although he left himself room for flexibility on the subject, he seemed to intimate pretty strongly that he thinks 74 generals are too many generals. Senator Lafond put this matter differently, and in a way I much prefer because I think it is more suitable to the circumstances. Honourable senators will recall that Senator Lafond drew attention to the size of Canada, the necessarily wide dispersal of our armed forces as they carry out their tasks in Canada and in various parts of the world, and the fact that these forces are really the nucleus of what will have to be a greatly expanded force if, God forbid, we ever face the threat of a serious armed conflict.

I believe we should not decide the number of generals we need simply on the basis of how many are needed to command our present strength of 78,000 all ranks efficiently. With Senator Lafond, I think the test of their number should be two-fold. First, how many generals, trained and ready for command in battle, are we likely to need if, against our will, we have to face the terrible reality of war? Secondly, what is necessary in order to afford opportunities for reasonably attractive careers so that a sufficient number of able, vigorous officers will be well trained and ready to fill that need?

So, honourable senators, while I would join Senator McDonald in trying to make sure that, as taxpayers, we get the best of value for every dollar we spend on our armed forces, including generals, I cannot accept the ratio of officers to other ranks as any kind of valid measurement whatsoever of the efficient spending of money to train officers for command and staff. I think to do so would be indeed false economy, and if the occasion should ever occur when we need such people we would be left very much in the lurch, and feel very much the sad result of that kind of neglect.

Senator McDonald gave voice to another thought that I feel I must examine. I should like to read a couple of paragraphs from his speech as reported at page 493 of *Hansard* of March 15, 1977, so I shall be sure of putting the whole of what he said in this respect before honourable senators, and so that there can be no question of my taking it out of context. In mentioning Senator Austin's speech about NATO forces in Europe, Senator McDonald used the following words:

> He [Senator Austin] referred to the fact that the western powers might be called upon to use tactical nuclear weapons at an early stage of any such conflict. I do not believe that tactical nuclear weapons will ever be used, and I say that from the knowledge I have acquired from trips abroad and the opportunities I have had to see modern, conventional weapons being used in the field.
>
> A war today with conventional weapons is unthinkable, but you cannot even dream of a war with atomic weapons. I doubt very much that in the circumstances which prevail today tactical nuclear weapons will ever be used. Back in 1948, when NATO came into being, the United States

had overwhelming nuclear superiority. The United States could dictate to the Soviet Union and any other country, and no one would dare to argue with her. But the Soviet Union, in a very short space of time, has achieved at least parity in both overall nuclear capability and tactical nuclear capability. Knowing that, how can any nation become involved in the use of tactical nuclear weapons?

If Senator McDonald was simply expressing his horror at the thought of war, and particular horror at the thought of the use of nuclear weapons on the battlefield, then I join him in that horror and share it with him. I need hardly say that all war is horrible, and with him I hope with all my heart that it is banished from the earth. However, it seems pretty clear that mankind has not yet reached that stage of blessed progress when we can realistically have confidence that NATO forces will never have to fight. If that be so, and if we must at least contemplate the possibility that they may have to fight, then surely we must do our best to make certain they have available weapons at least as effective as those we know their opponents will have.

It may be, of course, that Senator McDonald was simply saying that the two super-powers have so nearly reached a parity of nuclear horror, both strategically and tactically, that neither will ever venture to use their nuclear capability for fear of retaliation—or saying, in other words, that a balance of horror is a sufficient deterrent. If that is what he means, I suppose he may well be right, although even that rests for its validity upon the willingness and ability of both sides to maintain that balance, both strategically and tactically. So, honourable senators, I cannot refrain from asking the question: Would it not therefore be imprudent to create an attitude that the tactical balance does not matter very much because the tactical weapons will never be used by an enemy? This, of course, is a question of great difficulty—it is terrible indeed to think about—but it is one which cannot be escaped. Again I ask if it is wise to encourage the belief that tactical nuclear weapons will never be used. Is it wise to foster the attitude that it is safe for NATO to base its concept of defence upon that belief? I cannot help but assert that I do not believe it is wise or prudent to do so.

● (2030)

Honourable senators, allow me now to emphasize something I said earlier. In spite of any criticism and any questions I have raised, I repeat that I agree with the main thrust of Senator McDonald's well prepared and eloquently delivered speech. It was a valuable contribution to the consideration of the problems of defence which must be faced, and I congratulate him warmly. I hope that he will agree with me that the price of peace is not only eternal vigilance, as someone has said, but also the means to fight, sufficient in quantity and quality, and the will to fight for peace.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this inquiry is considered as having been debated.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Norrie:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventive measures relating thereto as may be reasonably expected to lead to reduction in the incidence of crime and violence in society;

That the Committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry; and

That the Committee have power to sit during adjournments of the Senate.— (*Honourable Senator McGrand*).

Senator McGrand: Honourable senators, I yield to Senator Thompson.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Andrew Thompson: Honourable senators, I rise to support the motion of Senator McGrand that the Health, Welfare and Science Committee be authorized to study the causes of personality disorders and criminal behaviour, and I thank him for giving me the privilege of speaking ahead of him. I am sure every senator admires the tenacity and determination with which Senator McGrand has persevered with his constant, dedicated commitment to this study. In my opinion, he represents and symbolizes with that tenacity the granite of his province.

In addition, we all recognize him as a deep humanitarian. He is stirred to counteract, even if by only a small percentage, the multitude of young people crowding through the turnstiles to criminal life. In the United States that number has now increased so that almost one in every six males will appear before a juvenile court before reaching the age of 18. I thought it rather significant that I was unable to get the number of juvenile deliquents across Canada. That, it seems to me, points up even more the need for the Senate, with its authority, to look at some of the statistics and facts and this appalling waste of human potential. If the proposed study were to result in a decrease in crime of only one per cent, the cost involved would be justified.

Senator Carter pointed out that the cost of crime in Canada must now be in the order of something between $8 billion to $10 billion annually. In the province of Ontario—and I got this figure today—the custodial care for a juvenile delinquent runs to almost $90 a day. That staggering cost is not hard to

understand when one considers that a study in Rhode Island indicated that the average cost of keeping a boy or girl in a reformatory for a period of two to four years is $100,000.

I congratulate Senator Carter and the Health, Welfare and Science Committee for focussing more narrowly on the scope of the proposed study. "To inquire into and report upon crime and violence in contemporary Canadian society," to my mind, would have required too widespread a study.

Like Senator Forsey, if I may associate myself with him and the words of Saul on the road to Damascus—and perhaps I may paraphrase a little— I am not almost persuaded; I am persuaded of the validity of this study. I read the documentation produced by Senator McGrand, and the speeches of Senator Carter, Senator Asselin, Senator Norrie and others on this subject. I am persuaded. The eloquent and carefully documented speech by Senator Bonnell must surely have aroused an intellectual curiosity, if not a stirring of conscience and compassion, on the part of all honourable senators. Senator Bonnell, like other speakers, listed so many authoritative studies that we cannot shirk this challenge. He put it, I think, most succinctly—and I want to repeat his challenge to us—when he said that surely this is the forum "to stir up public interest, government interest and scientific interest and, perhaps, to add support to making funds available to universities, medical schools, research institutions and others so that they may find out why a boy of six becomes a criminal at twenty-six."

I know that many honourable senators have viewpoints and attitudes about the general causes of delinquency. Indeed, it is a problem that has pervaded every society. A study carried out by the United Nations indicated that in all industrialized countries, crime and delinquency are on the increase. That same study showed that convictions in Canada between 1900 and 1966 has increased almost a hundredfold. The delinquency problem has plagued every society. Let me quote Socrates:

> Our youths love luxury. They have bad manners, contempt for authority and disrespect for older people. Children nowadays are tyrants. They contradict their parents and tyrannize their teachers.

● (2040)

It is, as it has always been, a complex problem.

For several years after the war I assisted in the setting up of probation officers in the province of British Columbia. I think that they have—not because of my efforts—a very progressive correctional system in that province. But I pursued my interest in the corrections field, and at one time I was a consultant to and co-ordinator of a course in corrections given at the University of Manitoba. Like most people, I have read—I must say rather superficially—most of the research being published on delinquency approaches and suggested remedies. I also had very firm convictions about how we could deal with the problem. I felt very strongly that we should focus more on the parents, and endeavour to make them more responsible. I thought that that might be a universal answer, until I had looked at the studies which resulted from a magistrate's or judge's decision to fine and reprimand the parents for what he considered to be a lack of responsibility towards the juvenile offender. Over a long period of time I discovered—and indeed it has been shown statistically—that this really is not the only answer to the problem, and I had to think of other approaches.

I was very fortunate when I was in British Columbia in having the privilege of working under Magistrate Haig Brown, who, I am sure, is known to my colleagues sitting in front of me, and is probably known to many other senators because he is a recognized authority on salmon fishing. In addition, he had an outstanding sensitivity towards the juveniles who came before him, and he too was perplexed. I think that anyone who is working with juveniles must honestly admit that we do not have all the answers. Some people will suggest that the problem is caused by environment, while others will suggest it is a question of heredity, but there has been little research done on this. I know there is a common feeling abroad that a greater severity in punishment would deter delinquency. But with respect to severity of punishment—and looking towards my lawyer friends—I reach back to Item 195 of the Code of Babylon, which stated that if a son should strike his father his hands should be cut off. I suggest to you, honourable senators, that probably in Babylon they still had the problem of juvenile delinquency, no matter how severe the punishment meted out.

The Hebrews modified that harsh punishment, and specified flogging as the punishment for disrespect to a father. Blackstone in the 18th century chronicle gave one particular example of a boy of eight who was hanged for setting a fire in a barn. I am sure I am speaking for every member of this house, and indeed for every Canadian, in saying that we do not want to reach back to punishments of such severity. Yet, honourable senators, I am old-fashioned enough to think that the majority of delinquents need a firm deterent, but, of course, there are always the exceptional cases.

I think, for example—and it haunts me—of when I was a probation officer on Vancouver Island. I remember one little girl of about twelve who was considered to be incorrigible. She came before the court, and I suggested to the magistrate that what she needed was more parental discipline. The magistrate was, as many magistrates are, totally perplexed in trying to deal with this child who was constantly getting into trouble, so he suggested to the father, a sturdy, well-built logger, that he should take this child home and discipline her more severely.

I followed this case. The father, who was frustrated and disturbed by the fact that one of his three children was incorrigible, explained to me that with reluctance he had tied her to a chair and had beaten her with a strap. I saw the welts on the child's body, and as I delved more deeply into the case I learned that this was not the only occasion that this type of punishment had been administered. In the past it had been administered on several occasions.

What haunts me, honourable senators, is not only the fact that I advised the magistrate to call for more severity, but when in later years, after I got to know the girl and helped, perhaps, in getting her established in the community and away

from the family home, she would write to me and I found she was unable to spell properly. This kind of thing was mentioned by Senators McGrand, Senator Bonnell and others, who pointed out that an inability to spell sometimes points to mental retardation or some kind of brain damage.

On reading other studies, I find I have some skepticism towards them. I have looked at a number in which people tried to prove that all criminals are either mentally retarded or superior. It has also been suggested in others that their condition stems from their racial or national background, or that it is the economically deprived groups which produce most delinquents. I think that many of these studies are fuzzy, normative, and narrow; that they are not at all scientific. After all, when we ask what is delinquency and terminology of delinquency, surely it is what the law says it is. When I read Senator Lang's speech last week about the myriad of laws and regulations, I thought we should be studying the non-delinquent rather than the delinquent. Coming back to the seriousness of this, we must consider the terrible human tragedy and the enormous cost involved.

As I speak I cannot help recalling again cases of young people with whom I worked on Vancouver Island, and who I thought had a bright future. I think of one young chap in particular who seemed to have a daredevil attitude and who was getting into difficulties with the law. His father, a respected businessman, could not understand why his boy would not settle down like the others. This boy could not spell either and that may be significant, although it could be just a matter of his not having studied sufficiently. However—and this is going back 30 years—I saw that boy sentenced to the penitentiary. He was from a middle-class home, and could have been the son or grandson of any one in this chamber. On the way to jail he was raped three times. In the course of his incarceration I saw him several times, and I noticed how the shock had affected him and could see the breakdown of his personality which resulted from it.

Honourable senators, Senator McGrand, with great humanitarian cause, has something of value here. He has a perception which is worth investigating—indeed, we should be challenged by it. There are authorities who say that we should look at this problem, because doing so may give us one of the answers—not all of them, as Senator McGrand agrees—to understanding perhaps a small proportion of the thousands of young Canadians who are entering our jails. Senator McGrand has tenaciously and doggedly documented such a challenge. Whether we are skeptical or convinced, the problem, in financial and in human terms, nevertheless demands that we look at it. I therefore support the motion.

On motion of Senator McGrand, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Second Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments—(*Honourable Senator Lafond*).

Senator Lafond: Honourable senators, may I ask that this order stand until Thursday, March 31.

Order stands.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (D)—DEBATE CONCLUDED

The Senate resumed from Tuesday, March 15, the consideration of the report of the Standing Senate Committee on National Finance on the supplementary estimates (D) laid before Parliament for the fiscal year ending the 31st March, 1977.

Hon. Jacques Flynn: Honourable senators, on the report of the National Finance Committee on supplementary estimates (D) I have two comments: one specific, the other more general in nature. The one specific item I should like to draw to the attention of the Senate concerns the fiscal transfer of $396 million. Since the supplementary estimates totalled $930 million, this item, representing something in the order of 44 per cent of the total amount required by the government, becomes the most important one.

When we considered the supplementary estimates in committee, I wondered why such a requirement existed and whether perhaps there had been an error in the estimate or in the calculations made for the main estimates. I was surprised to learn from Mr. MacDonald of the Treasury Board that, indeed, there had not been any miscalculation. I should like to quote now from page 11:23 of the report of the National Finance Committee, issue No. 11, Wednesday, March 9, 1977. I said:

> I have a question on the Fiscal Transfer Payments Program. In his opening statement the minister explained that this amount results from the present legislation.

That is, the legislation which will expire this year to be replaced by Bill C-37, if it passes as it is now before the other place.

> I should like to know why it was underestimated to the extent of $395 million?

The minister replied:

> It was the whole question in the final negotiations of arriving at a satisfactory settlement of the revenue guarantee. I do not think it was an underestimated amount.

I then said, "But the legislation was not changed," and Mr. MacDonald of the Treasury Board replied:

> You may remember an argument between the provinces and the federal government as to the basis on which the revenue guarantees were to be paid. Because of the complexity of the details, the act gave power—

I am not too sure if this is correct, but this is the way it reads.

> —gave power under regulations, and the federal government was pursuing the idea that it would proceed on one basis. The provinces wanted to hold to the original regulations and the federal government was seeking to amend the regulations so as to reduce federal exposure—

I will end the quotation there because the rest does not make sense to me. In any event, I then said:

> If I understand correctly, you had proceeded under certain types of regulations up to the current fiscal year, and then the federal government tried to change the formula by regulation, and it is on that basis that the original estimates were made. Then when you did not succeed in having the new regulations accept—

Implying acceptance by the provinces.

> —you had to correct your calculations. It was quite an endeavour by the federal government to save that amount of $395 million. Of course, you cannot blame them for trying.

It is disturbing to note that the government in its dealings with the provinces in the matter of fiscal arrangements is not above trying to pull that kind of trick. The government had proceeded on a certain basis over the four years of the five-year term. Then, in order, as Mr. MacDonald explains, to reduce the spending of the federal government or the transfer of payments to the provinces, the federal government tried to change the regulations or the basis of calculations so that it could pay $396 million less to the provinces. Well, there is no way they could get away with that. This explains why there are often difficulties in the matter of fiscal arrangements between the federal government and the provinces. This explains why we have seen confrontations at virtually every conference involving the federal and provincial ministers of finance. The Senate must take cognizance of what has transpired here, because it proves that a spirit of confrontation exists and that the federal government is trying to control everything in respect of provincial fiscality.

Needless to say, we shall have occasion to deal with this matter when the new legislation is before us, but I thought it was something worth thinking about while we wait.

● (2100)

My second comment is in relation to the nine $1 items in the supplementary estimates which amend existing legislation through the device of a supply bill. The report in this connection makes the usual comment that we have been dealing with this thing for a long time. It says:

> The committee recommends that the continued and expanding use of this method of redressing inadequacies in basic legislation and in program planning by departments be vigorously scrutinized by the Treasury Board.

In my opinion, it should be scrutinized not only by the Treasury Board but by Parliament. This brings me to the comment I made on a previous comparable occasion about the inadequacy of Parliament to control government expenditure. I repeated, in fact, what the Auditor General had said in his last report to the effect that he was deeply concerned that Parliament, and indeed the government, had lost or was losing effective control of the public purse. In support of this view I offer you the comments of the Honourable Robert Stanfield who, in a lecture given at Acadia University at the beginning of February last, said:

> Parliament is not fitted for controlling the kind of all-pervasive government we have today. It cannot cope with it effectively. This would be so even if the House of Commons had not lost financial control of government back in 1965 when it accepted a time limitation on the consideration of estimates. When I entered the house in the fall of 1967, the consideration of estimates seemed to me a farce, because ministers were answering only questions they chose to answer, knowing that because of the time limitation they no longer had to give satisfactory explanations in order to get their estimates passed. I found an emasculated House of Commons which was still capable of greatness on occasion, but which was no longer in effective control of the public purse.

I quote from a later passage in the same lecture:

> Under current conditions, there is no way of getting back that unlimited power to delay estimates. No government would agree to that. The government hasn't enough parliamentary time now to get its legislation passed. But even if—and this is a basic point—Parliament somehow regained its old power to control the purse, it could not effectively control the manifold operations of the contemporary government in Ottawa. The cabinet cannot exercise such control. How could the members of the House of Commons?

I should add: how could the members of the Senate?

I want to relate those comments first to the fact that this device, the $1 item, which amends existing legislation, is one which is definitely intended to bypass Parliament. In the other place there is a time limit on the consideration of estimates; so when the allotted time is exhausted, they bring in the supplementary estimates with those $1 items which amend legislation and there is no opportunity to deal with those matters as they should be dealt with—that is, by separate legislation.

I hasten to add that some progress has been made in the fight against the use of this dangerous device. Only today the Speaker of the other place ruled that at least two of these $1 items had to be removed from the estimates and would have to be brought before the house by way of special legislation. He chose only two, but in doing so he was following the decision made by Mr. Lamoureux in 1971. Honourable senators will recall that I had occasion some time ago to deal with this problem with regard to our own rules and in connection with a report of the Standing Senate Committee on National Finance.

I wish merely to give honourable senators a preview of the discussion which may take place on a more suitable occasion

and shall comment only on the Senate's ability to deal with estimates. Even if we have more time than has the House of Commons in which to undertake this task, I still do not think the time available is sufficient. I agree that the National Finance Committee does an excellent job when dealing with specific problems, such as it did last year when it considered the Manpower estimates. It brought down a report which was very useful. But I do not believe that the Senate is equipped to scrutinize closely every item of the main estimates or the supplementary estimates. Also, I feel certain that the House of Commons would resent any resistance by us to adopt or pass those estimates, or any endeavour by us to cut some items from the estimates because we were dissatisfied with them or were opposed to the principle underlying any of them.

I do not know what we can do beyond what we have been doing recently to exercise better control over the estimates. I don't know what kind of mandate we might give the National Finance Committee—or, for that matter, any other special committee—to enable it to deal more knowledgeably with the estimates or with a supply bill.

I am aware of the reticence of the Deputy Leader of the Government when it comes to referring a supply bill to committee or challenging the legality of any part of a bill. I remember well his conviction that the Department of Justice is infallible. But that conviction is not shared by Senator Forsey and several others of us who have had just as much experience with that department as Senator Langlois. If we were to give the National Finance Committee, or any other committee, the task of finding a way whereby the Senate could be more effective and helpful to the House of Commons, which is in no way really able to deal with the responsibility of controlling the public purse, we would be doing something worthwhile for, and useful to, the Canadian public. Were that committee eventually to find such a way, we would have achieved something of singular importance to the welfare of all Canadians.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this order is considered as having been debated.

• (2110)

AIR CANADA

EXPRESSION OF APPRECIATION

Senator Burchill: Honourable senators, before we adjourn I should like to have the privilege of making a very short statement.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Burchill: Honourable senators, Senator John Macdonald and I were among a large group of passengers who were stranded at Montreal this afternoon because the Ottawa airport was closed. I am sure that Senator Macdonald will agree with me that Air Canada should be given full marks for the way they treated us, and for the arrangements they made to get us to Ottawa by rail. They were kind, attentive and really could not have done more for us. There is so much criticism of Air Canada these days that I thought it only proper and right that we should give credit where credit is due.

Senator Macdonald: Honourable senators, I fully agree with Senator Burchill's remarks.

Senator Smith (Colchester): Perhaps this illustrates the usefulness of criticism.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 23, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL NO. 1, 1977

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-44, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Senator Langlois: With leave of the Senate, later this day.

Senator Flynn: Honourable senators, I have no serious objection to second reading proceeding later this day, but I want to point out that this bill reached me only a minute ago.

Senator Langlois: The amended bill.

Senator Flynn: I realize that. I would prefer to wait until tomorrow. If it is more convenient, however, for the acting leader to proceed today, I will not object. I tried to get the bill earlier today but was unsuccessful. I have not had time to read it, and I am sure most honourable members are in the same position.

Senator Langlois: I do not want to be insistent about this request, but I think it would be more convenient if we could proceed with the introduction of the second reading today, and the debate could be adjourned until tomorrow, which would give everybody time to have a look at the bill as amended by the other place.

Senator Flynn: Agreed, but by the same token, when would the acting leader say this bill is needed? I do not think it could receive royal assent before next week in any event. I think we are going to have interim supply, and the target date for both bills would likely be March 31. Is that not correct?

Senator Langlois: I do not agree with the suggestion that the target date for these two bills is March 31. As honourable senators know, the pay day at the end of a fiscal year, like this one, is spread over three days in order to avoid a rush against the banks by civil service employees, and those three days are March 30, March 31, and April 1. The cheques are dated April 1 because they fall in the new fiscal year. No prudent treasurer of any organization would issue a cheque before the money has been authorized by his organization, and this also applies to government.

Senator Asselin: Is it our fault?

Senator Langlois: We cannot expect these cheques, even if they are dated April 1, to be mailed on Wednesday if this bill has not been passed by Parliament.

Senator Flynn: Would you have liked this bill to have been passed yesterday?

Senator Langlois: We should like it passed by Tuesday evening, if possible. That would enable the department to issue the cheques and mail them across the country by Wednesday, even though they will be dated April 1. We need interim supply before Wednesday. Later on today, after adjourning, I intend to discuss this with the honourable Leader of the Opposition. I had a preliminary discussion with him last night without having this information I am giving now as to the spread of the pay over a period of three days. I intend to discuss that with him further later this afternoon. As I say, I am not insisting on going ahead this afternoon, but I think it would be more convenient, not only for me but for the house. It would not prevent honourable senators from getting full knowledge of the bill before the debate is pursued further. After I have made my introductory speech on second reading the debate could be adjourned until tomorrow. If so, honourable senators on both sides of the house would have until tomorrow to peruse this amended bill, which merely strikes out two items, with no other change from the original bill which we have had in our hands for some time.

● (1410)

Senator Flynn: Yes, I know.

Senator Langlois: Therefore, I suggest that consideration should be given to my request that we proceed later today, upon completion of the Orders of the Day.

Senator Flynn: Would the Acting Leader of the Government agree to have this bill, or any other supply bill, referred to the Standing Senate Committee on National Finance in order that we might go into all these difficulties to which he makes reference? If the acting leader agrees to that, I will withdraw any objection.

Senator Langlois: The honourable leader knows what the position has been in the past. It is not that I want to be strong-headed about it, but this would be a repetition, because the estimates upon which the bill is based have already been carefully studied in committee and we have considered a report on which the debate was terminated only yesterday evening by my honourable friend. I see no purpose in sending these estimates back to the committee from which they have just been received. It has been the practice of this house to avoid these repetitions. In view of the amendments made in the

other place, the honourable senator is possibly in a better position than previously to make such a request. However, as I said earlier, these amendments, following the Speaker's ruling in the other place, merely strike out two $1 items. There is no other change in the bill; we will be considering a bill which is amputated by the deletion of two $1 items; that is all. In my opinion this is not sufficient reason to send this bill to the Standing Senate Committee on National Finance and merely have a repetition of what took place when consideration was given to the original bill.

Senator Flynn: It was not our intention to review the estimates proper. However, the wording of the bill with respect to the problems underlined by the deputy leader pertaining to cheques being issued and the authority provided in the bill itself, not in the estimates, should be considered. We must find out what the real problem is with regard to cheques issued under the authority provided in the bill or in the interim supply bill. The reason for my request is that this cannot be discussed in the National Finance Committee on the estimates proper. It has to do with the wording of the bill itself. That is what I want the committee to look into, not the estimates. I have no desire whatever to repeat what has already been done.

Senator Langlois: Honourable senators, I should like to correct the impression that the honourable Leader of the Opposition seems to have, unless I misunderstood what he said. When he refers to pay cheques, as I did a little earlier, he should understand that I was not referring to this bill. This has to do with the interim supply bill only, not this bill at all.

Senator Flynn: I wish to know, then, is there any problem with respect to the cheques to be issued under this bill?

Senator Langlois: There is no problem.

Senator Flynn: No problem at all?

Senator Langlois: No.

Senator Flynn: Then we can wait.

Senator Langlois: No. There are two bills and the confusion probably arose from the fact that when my honourable friend made his observation about this bill he referred to the interim supply bill, and I replied that the deadline for that bill is Tuesday because the cheques must be mailed on Wednesday.

Senator Flynn: Then what about this bill?

Senator Langlois: There is no relationship between it and the cheques.

Senator Flynn: There is no problem?

Senator Langlois: None at all.

Senator Flynn: Then we can wait.

Senator Langlois: It is not a question of waiting; it is a question of rehashing what we have already gone through in committee.

Senator Flynn: Not at all. Whether or not my honourable friend likes it, Bill C-44 and supplementary estimates (D) constitute two different things. We have not considered the wording of the bill in committee, and that is what I wish to discuss. If there is no rush, why not place the bill on the Orders of the Day for second reading tomorrow?

Senator Langlois: As I said a few moments ago, if the Leader of the Opposition withholds leave to proceed later this day, then the matter will be dealt with tomorrow. I shall not take the responsibility for that.

Senator Flynn: If, as you say, there is no problem, then I do not have to take any responsibility.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: We will allow the acting leader to explain the bill.

Senator Langlois: I will do my best.

On motion of Senator Langlois, bill placed on the Orders of the Day for second reading later this day.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of the Freshwater Fish Marketing Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended April 30, 1976, pursuant to section 33 of the Freshwater Fish Marketing Act, Chapter F-13, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Minister of Transport on the administration of the Motor Vehicle Safety Act for the fiscal year ended March 31, 1976, pursuant to section 20 of the said Act, Chapter 26 (1st Supplement), R.S.C., 1970.

FOREIGN AFFAIRS

RESOLUTION OF U.S. HOUSE OF REPRESENTATIVES PROTESTING CANADA'S ANNUAL SEAL HUNT—QUESTION

Senator Argue: Honourable senators, I should like to call the attention of the Senate to a headline in this morning's Montreal *Gazette*, as follows: "U.S. House urges Canada to cease 'cruel' seal pup hunt." According to the article, a resolution was passed by the U.S. House of Representatives calling for an end to the seal hunt in Canada.

According to my understanding, the seal hunt is carried on under government regulation with quotas provided for conservation.

Senator Asselin: Shame!

Senator Argue: The seal hunt provides a substantial part of the livelihood of a number of Canadian citizens living in the Atlantic provinces.

I would point out to those who feel that this hunt constitutes a cruel and unnecessary act that millions upon millions of calves, and other livestock, have been slaughtered in Canada

over the years, and such slaughter will continue. These are crocodile tears that are being shed.

For my part, I think the resolution passed by the U.S. House of Representatives was mistaken and uncalled for. I ask the Acting Leader of the Government to present to the Senate, as soon as possible, a statement of government policy with respect to the seal hunt so that it may constitute an answer to the allegations contained in the resolution passed by the U.S. House of Representatives.

Senator Langlois: Honourable senators, on reading the article in question, one might be impressed by the fact that it mentions that this resolution was passed by the House of Representatives, but it seems that at the time the question was put the attendance was about 50, which does not appear to be any better than the record of this place—perhaps even worse, considering the number of representatives.

● (1420)

Senator Argue: Ten per cent.

Senator Langlois: However, this is an important question, and I think the Minister of Fisheries and the Environment, the Honourable Roméo LeBlanc, some two weeks ago made a full statement when he was interviewed by Mr. Weber, a Swiss millionaire who is financing these groups opposed to the hunting of seals. But this is not a very urgent matter because the present season is almost over, and no immediate change will be made. Perhaps it is a question we shall have to worry about again about one year from now. In the meantime I shall endeavour to get a full statement from the minister concerned, and make a complete report to this house.

Senator Denis: As a supplementary question, may I ask the acting leader if this man who is against the seal hunt is not the owner of a factory making artificial fur?

Senator Langlois: My honourable colleague is apparently referring to Mr. Weber who has been promising the establishment of an artificial seal fur industry in Newfoundland to compensate Newfoundlanders for the loss sustained as a result of banning the killing of seals.

Senator Argue mentioned that crocodile tears were being shed, and I would point out that one of those shedding tears is indeed a very good looking crocodile. I am referring, of course, to Brigitte Bardot.

Senator Flynn: I protest. I have never noticed any resemblance whatsoever between Brigitte Bardot and a crocodile. I can't understand where the acting leader got such an idea.

Senator Langlois: It is a matter of taste.

Senator Argue: Only by way of tears.

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO STUDY CAUSES OF PERSONALITY DISORDERS AND CRIMINAL BEHAVIOUR

The Senate resumed from yesterday the debate on the motion of Senator McGrand that the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventive measures relating thereto as may be reasonably expected to lead to reduction in the incidence of crime and violence in society.

Hon. Fred A. McGrand: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator McGrand speaks now, his speech will have the effect of closing the debate on the substantive motion before the house.

Senator McGrand: Honourable senators, in closing this debate I want to make reference to a few things that have taken place since I introduced my motion on December 2, 1976. Apparently across this country a number of people read Senate *Hansard*, because I have received a great deal of support from many sources. I have a letter from the Quebec Association for Children with Learning Disabilities, another from the National Indian Brotherhood, another from the Tree Foundation of Canada, and another from the Canadian Association for Children with Learning Disabilities. The president of this organization wrote to me, "I hope you will allow us to print your speech to the Senate in our news sheet 'the Post' ".

I had a letter from Dr. Morris Reznick who was the first president of the Ontario Association of Children with Learning Disabilities. He had helped with the preparation of a brief presented in May 1969 to the then Minister of National Health and Welfare. Unfortunately, no action was taken.

I have a letter from the I.O.D.E. of New Brunswick, accompanied by a copy of the brief that they presented to the New Brunswick government.

There is a definite connection between learning disability and juvenile delinquency. Ian R. Culligan, Superintendent of the Youth Training Centre in Fredericton, New Brunswick, writes:

> As the only institution in the province of New Brunswick responsible for the "case, custody and treatment" of juvenile delinquents, the problem of children with learning disabilities is certainly a serious concern to us.

A study on learning disabilities in the medium-security institution by Acadia University in 1972 states that in the maritime provinces, according to an Acadia University study completed on the inmate population of Springhill medium penitentiary, 67 per cent of the inmates suffer from a specific learning disability. The superintendent of Father Flanagan's Boys' Home at Omaha, Nebraska, states that practically all of the young criminals coming to that institution have learning disabilities.

Dr. Burton White of Harvard University, one of the original researchers in the field of learning disabilities and minimal brain dysfunction, writes in his book, *The First Three Years of Life*, as follows:

> After 17 years of research on how human beings acquire their abilities, I have become convinced that it is to the

first three years of life that we should now turn most of our attention. My own studies, as well as the work of many others, have clearly indicated that the experiences of those first years are far more important than we had previously thought. In their simple everyday activities, infants and toddlers form the foundation of all later development.

Honourable senators, I do not think that it is necessary to present any further evidence that the study which I have proposed is justified and necessary, if Canadians are to grapple with this problem in the future. Work in this field has been handicapped, because Canada is one of the few countries in the western hemisphere with no federal department of education. It is well known that the majority of children with learning disabilities do not become criminals, but that criminals, as children, have had learning disabilities. Learning disabilities are five times more common in males than in females, and crime among males is much more common than among females.

I asked the director of the Tree Foundation of Canada to give me more information on the ratio between male and female children in the area of learning disabilities and in crime, and also for some more information on the ratio between children with minimal brain damage who become criminals and those who do not. I was told that that work had not been done because there was no money to do it. They hoped to get some private foundation to supply the money until the time comes when the governments in Canada, both provincial and federal, agree to fund this undertaking. For this reason it is all the more necessary that the Senate should devote some time to this study.

The *Globe and Mail* of February 19 carried an article on the visit of the Health, Welfare and Social Affairs Committee of the House of Commons to a British Columbia penitentiary. The following is a quotation from the analysis of that visit:

> In the past five months alone, there have been three directors at the pen, and the high turnover itself was indirect proof of the horror stories heard by the committee of M.P.'s investigating Canadian prisons—stories of prisoners being raped and killed by other convicts, or being beaten by guards.

● (1430)

The problem of running our penal institutions grows worse as the years go by. A few days ago I read that Canada had to build many new penitentiaries to meet the emergency. Conditions get worse; they do not get better. Reformers in the nineteenth century had three objectives: the abolition of slavery, the abolition of capital punishment, and the abolition of torture in institutions. If honourable senators read the speeches made in those days by those favourable to the abolition of capital punishment they will find that they stressed that the death penalty only degraded those involved and the society that condoned it. Those in favour of capital punishment stressed that it was the only deterrent available in society. We are now near the end of the twentieth century, and the arguments have not changed between those for or against the death penalty. The same old reasons are given because research into the making of a murderer has not been done, and until the public knows more about it than it does now the debate will go on in Parliament at about five-year intervals.

If the death penalty is justified, if it is the best deterrent, then we should not stop with the hanging of convicted murderers. Would it be proper to determine juvenile delinquents who show evidence of becoming murderers, and eliminate them at an early age? By doing so we could remove thousands of potential criminals, but we might destroy our fragile civilization. Is it possible to make that selection at the age of three years? That is one approach that we could take. Another is to remove, at an early age of the child, those influences which produce criminal tendencies.

About a month ago I listened to a conversation on television between Patrick Watson and Dr. Robert McClure. Most of Dr. McClure's professional life has been spent in the jungles of Africa and the Amazon, and among the headhunters of Borneo. They discussed the great advances in medicine over the past 50 years. Watson asked, "What is the greatest need in medicine today?" and Dr. McClure replied, "Better preventive medicine." I am sure that had Dr. McClure been asked what was the greatest need in crime control, he would have replied "Better preventive criminology."

Those of us who favour this study by the Standing Senate Committee on Health, Welfare and Science are convinced that the results of the study would stimulate activity where it is most needed. Education is a provincial responsibility carried out under the jurisdiction of school boards. In some cities attention has been given to the child with minimal brain dysfunction; in others nothing has been done. There is no machinery in government to deal with the problem child until he or she is a problem to society. The problems of these children involve more than one discipline, more than education, health and justice. They involve the depth of our natural culture and the depth of its humanities.

Most advocates of this study believe that some parliamentary body should make an in-depth study of this field and that the Senate of Canada is best qualified to do this. How should a committee of the Senate proceed in this study? It should invite those who have already made a special study of this problem and those who have a special interest in it to present facts and suggestions. There will be no difficulty in finding such people. There are many in Canada and some in the United States, and they are all anxious to appear.

The first national conference on learning disabilities will be held in Ottawa from October 27 to 29. It would be good for the prestige of the Senate to have an input at that conference, an exposure which the Senate badly needs.

Health and welfare today involve more than the prevention of smallpox and the introduction of old age pensions. Those were the issues of the 1920s. In my view, the Standing Senate Committee on Health, Welfare and Science should be interested in what is on the horizons of today and the horizons of

tomorrow. Minimal brain dysfunction is on the horizons of today.

If it is a function of the Senate to look after the rights of minorities, I would point out that these physically and psychologically traumatized children are the most neglected minority in Canada. Why does a boy of six, with a psychological trauma, become a psychopathic killer at the age of 26? I asked that question in May of 1975. I asked it again on December 2, 1976. I am glad that Senator Bonnell mentioned it on Thursday last, and that Senator Thompson mentioned it again last night.

That is what this study is all about.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator McGrand, seconded by the Honourable Senator Norrie:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventive measures relating thereto as may be reasonably expected to lead to reduction in the incidence of crime and violence in society;
>
> That the Committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry, and
>
> That the Committee have power to sit during adjournments of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

LUMBER INDUSTRY

EFFECT OF TARIFF ON IMPORTATION OF SOFTWOOD PLYWOOD—DEBATE CONCLUDED

The Senate resumed from Thursday, March 10, the debate on the inquiry of the Honourable Senator Burchill calling the attention of the Senate to the tariff on the importation of softwood plywood and the serious effect it is having on the Canadian plywood industry.

Hon. Louis-J. Robichaud: Honourable senators, it has been quite some time since this inquiry was introduced in the Senate by our distinguished and esteemed colleague, Senator Burchill. I intended to speak last Thursday, St. Patrick's Day, in order to congratulate him because, apart from everything else, he is an Irishman—a fact that I will prove as I proceed.

I would also like to congratulate another Irishman, although I am once again doing it in somewhat belated fashion. This time refer to Senator McGrand, and I congratulate him not only on the delivery of his remarks this afternoon, but also on the substance of those remarks. We all realize that Senator McGrand is a great humanitarian. He is an Irishman, as some of you may know, but he is also a former Minister of Health of New Brunswick, having served in that capacity from 1944 to 1952. In fact, he has the distinction of being the first Minister of Health in any jurisdiction in the British Commonwealth. That is quite a distinction, and I pay him respect on that account.

To return to our other Irishman from Miramichi, I do not think I will be contradicted if I say that we all respect him as a senator, as a great lumberman, and as a great New Brunswicker. His origin dates back to 1820, when his family moved from Ireland to the beautiful Miramichi in New Brunswick, probably in order to survive as was the case with so many others.

In those days the backbone of the economy of New Brunswick was, as it is today, the forest industry. In 1857 Senator Burchill's grandfather established a company on the Miramichi called George Burchill and Son, and since that time—that is, for 120 years—this company remained in the hands of the same family. George Burchill, the originator, was followed by two of his sons, one of whom had the same name, George. The other, I think, was named John. Those two were replaced by Senator Burchill who, while he has not yet been replaced, is very well seconded by his son, whose name is also John. For 120 years these people have struggled to build an economy in New Brunswick, particularly on the Miramichi, which is well known for the quality and quantity of its salmon, and also for its forest industry. The Burchill company has struggled over the years. At first they were just purchasing logs, having them processed in a sawmill that did not belong to them, and exporting them to Ireland and the United Kingdom. Then they purchased a planer, and they developed over the years. They had to go through a very serious depression. Like all of us, the Burchill company suffered considerably in those days, to the point where they simply had to buy raw pulpwood and pit props in order to survive during the war years which followed the depression, but survive they did.

● (1440)

In the early 1950s, under the able leadership of Senator Burchill, the company developed a plywood plant. That was their start in the softwood plywood industry. This is why in December our colleague introduced his inquiry calling our attention to the tariff which he felt affected his company, and many other companies as well.

I am not sorry for having delayed speaking on this subject because we had the good fortune last week of being able to listen to an expert in the field of softwood plywood, Senator Bell, and she certainly enlightened us as to the magnitude of the problem—a problem that is not restricted to softwood plywood. It is the whole forest industry of this country which is at stake at the moment. I do not know how many documents on this subject I have gathered since December of last year, but I am not going to bore honourable senators with all of that information this afternoon. However, I intend to conclude by making certain recommendations.

The problems facing the forest industry will assume proportions that are almost beyond measure, unless we face up to them. There are so many jurisdictions involved—the municipal

jurisdiction, the provincial jurisdiction and the federal jurisdiction—and there are the companies which own private lands and crown lands all over the country. Numerous studies have been made over the years in an attempt to solve some of these problems, but they were fragmented. They were localized to one jurisdiction, or were made by one industry, like the plywood industry, trying to solve one problem. I read a document to the effect that before the Burchill company launched this plywood mill on the Miramichi, they had to go to the Scandinavian countries and certain other parts of the world because there was nothing in Canada which could give them guidance. They had to go abroad. That is what can be called a fragmented study. Two or three years ago a study was made in New Brunswick on the utilization of wood fibres. It was a good study, but again it was fragmented. It took into account one particular area of the country, and did not embrace a national policy.

Unless we wake up, we are going to lose our export markets, not only in the United States but in the world, and that would be a tragedy because our exports of forest products are second only to our exports of minerals. Forest products help our balance of trade.

I should like to quote a paragraph from a publication of the Canadian Forestry Association. I despise statistics because I have never been a mathematician, but these figures are revealing:

> Wood grown in Canada's forest annually produces a harvest of some 4½ billion cubic feet. The logging and manufacture of this material provides employment for an estimated 300,000 workers who receive $2.8 billion in salaries and wages. Since Canada has more timber than is needed to satisfy her own requirements, a large part of these forest products are exported to bring in over $4½ billion worth of revenue representing some 18% of total domestic exports. A favourable foreign trade balance is therefore heavily dependent on forest production.

I am informed by the director of the Forestry Directorate of the Department of the Environment that Canada could employ a million people directly or indirectly in the forest industry. Governments at all levels and industry spend only $50 to $60 million annually in conservation and reforestation, and there are from 50 to 60 million acres of land in our country that are underlogged, and that could be used for reproducing other trees. It is hard to believe how much we could do for the future of this country if we only put our heads and our resources together. This is an industry that produces a billion annually, and yet we spend only $50 or $60 million on it. Considering the fact that the resource is renewable, this is almost incredible. It approaches insanity in a country as highly civilized and sophisticated as ours to spend only that amount of money, when we know we could build so much for the present and for the future.

● (1450)

K. C. Irving, for instance, believed in this concept of reforestation. The latest statistics I have show that he or his associates planted or transplanted 30 million trees. The Government of Ontario is doing something about reforestation, as are some other governments. There is a good tree farm at Petawawa, which is quite near. Last year I was instrumental in having small trees distributed among you, all of which came from the farm at Petawawa.

Perhaps this is an appropriate time to announce that the week commencing May 1 will be National Forest Week in Canada, and I have been asked to invite all honourable senators to visit the tree farm at Petawawa. There is to be an organized tour and everybody is invited. Everything will be organized, and we will see what is being done there. Perhaps what is being done in Petawawa is a miniature of what should be done all over the country. We need a national reforestation policy.

I can see some honourable senators looking at me anxiously. I know there are committee meetings scheduled for this afternoon, and I will be as brief as possible.

The studies by the Agriculture Committee, headed by Senator Hazen Argue and Senator Hervé Michaud, have impressed me. Agriculture is of extreme importance to this country, but to me forestry comes first. I do not want to offend the agriculturists, but when I consider industries in terms of dollars and cents, forestry comes first after mining. I am wondering if a Senate committee could not make an in-depth study of the utilization of the forests and trees in this country.

I have thought of a number of subjects that could be incorporated in the terms of reference. For instance, there is the problem of tariffs, which was raised by Senator Burchill. That could be studied in depth, not only for the plywood industry but for the whole of the lumber industry. There is also the control factor, and provincial jurisdictions. Our forests are a natural resource which belongs to the provinces, and given cooperation between the provinces there could be a transfer of some trees when that is more economical. For instance, in the northern part of New Brunswick we import trees from Quebec and Maine, while from other parts of the province we export trees, so everybody benefits. A study of that type of exchange along the 49th parallel and between provinces could be beneficial. We must also consider the quality of the logs.

Senator Burchill told me last week that his company had closed its plant to instal new equipment. That is a big problem. Most of Canadian industry has outmoded equipment. I do not say this in order to complain, but it is a fact that outmoded equipment is preventing industry from achieving its full potential. Senator Burchill said that his company is renewing all its equipment. Some months ago they laid off 250 men, but they hope to re-open in the first week of July with modern equipment and put those 250 men back to work. If that were done all over the country, backed by an export policy, it would be tremendously helpful to the economy. That is another problem that could be studied.

What about the transportation of logs? I am informed that we are shipping railway ties to the United States when we could be using them ourselves to better advantage. Perhaps the CNR and CPR should be investigated in this regard.

Another matter is the conversion to the metric system. I remember that some years ago we wanted to export some finished wood from New Brunswick to Europe. I went to the Maritime Lumber Bureau at Amherst and asked them what they thought about it. They said it was impossible because of the system of measurement under which the wood in Canada and in the United States was cut, but that we would have to convert to the metric system in order to export to Europe. We should study the effects of a conversion to the metric system.

We must utilize our forest resource to the fullest extent. Some years ago only the trunk of the tree was used, and the rest was burned. Since then enormous progress has been made, and it seems to me that even the needles of coniferous trees could be utilized in some way, and that might be determined by studying the matter.

There could be a study of the variation in building codes in Canada, the United States and other countries. Let us make that study to find out how much they can be standardized. Then there is the relationship between the west and the east. British Columbia and eastern Canada are where the large manufacturers of finished wood products are, but there is very little consultation between the two areas. This could be studied. Budworm infestation could be investigated, and also joint programs for reforestation research.

I believe that if a committee of the Senate were appointed to undertake such studies it would have the cooperation of the Canadian Lumbermen's Association, the Canadian Forest Association and all other allied associations. I could name perhaps fifteen or twenty other associations which would be involved in this. It would also have the fullest cooperation of the provincial governments, the Forestry Directorate of the Department of the Environment, the forestry faculties of the Universities of British Columbia and New Brunswick—they are the only two such faculties in Canada—and the pulp and paper industry. Such a committee would have everybody's cooperation, and its study and report on such matters as I have mentioned could lead to a national forestry policy which would be beneficial to all of us, particularly to our children, and to the economy of Canada.

● (1500)

I am sorry for having taken so much time.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this inquiry is considered as having been debated.

APPROPRIATION BILL NO. 1, 1977

SECOND READING—DEBATE ADJOURNED

Senator Langlois moved the second reading of Bill C-44, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

He said: Honourable senators, the bill introduced today provides for supply for the final supplementary estimates for 1976-77. These estimates were tabled in the Senate on March 8, and referred immediately to the Standing Senate Committee on National Finance. They were discussed in committee two days later with the President of the Treasury Board and his officials. At that time, Mr. Andras expressed considerable satisfaction in saying that the government's restraint target for 1976-77 was being more than achieved. It was over a year ago that the government published a figure of $42.15 billion as the amount within which total spending will be kept, notwithstanding contingencies of many sorts which could intervene. That would have been a 14 per cent increase over the total expenditures for 1975-76.

With the tabling of these final supplementary estimates, and taking into account non-budgetary items not in estimates, we find ourselves within the 14 per cent limit and, correspondingly, within the growth of the gross national product. These supplementary estimates now under consideration total $930 million, containing voted items of $494 million and revisions of statutory items of $436 million. The larger voted items are as follows:

First, $195.5 million for Central Mortgage and Housing Corporation to change the method of financing the corporation from a calendar year to a fiscal year. In effect, this adds the three months of January, February and March 1977 to the 12 months foreseen when the 1976-77 main items were tabled.

Secondly, $100 million for various measures in the energy sector, such as the conservation and renewable resources development programs in Nova Scotia and Prince Edward Island; deficiency payments on the Sarnia-Montreal pipeline; and additions to regional electrical intercommunications in Manitoba.

Thirdly, $71 million to purchase a further 2,000 grain-hopper cars, thus increasing the fleet to 8,000 cars.

Finally, $85.5 million in debt write-off of interest due on the loans to Atomic Energy Canada Limited for the prototype reactors at Douglas Point and Gentilly.

The largest statutory item in the supplementaries is the $396 million transfer payment to the provinces under the Federal-Provincial Fiscal Arrangements Act.

Last evening the Leader of the Opposition referred to this item, and was critical of the explanations given in committee by the Assistant Secretary to the Treasury Board. Although the honourable senator is not in his seat—I know he is absent on official business—and since he will be returning before the debate on these supplementaries is completed, I will provide further information, in the knowledge that if he is not satisfied he will be present at a later time to either rebut the remarks I am about to make or seek further information.

Senator Grosart: You may be sure of that.

Senator Langlois: I am sure of that, yes, quite definitely.

The increase in the fiscal transfer payments can be explained as follows: First, I should mention that the equalization payments for 1976-77 were decreased by $77.2 million. This was a reduction because of a revision in the revenue base according to data which became available after the main estimates. There was also a reduction of $110 million due to equalization for prior years. It was originally assumed that

there was $50 million owing for prior years but, in fact, there is to be a recovery of $60 million, the total change being due to new data with respect to the revenue base.

I wish to add at this time that these negotiations which take place with the provinces in order to establish these transfer payments are very complicated, because they are based on many various data. I fail to understand why reference was made in committee to regulations. In my opinion, the word should have been "negotiations," because these transfer payments with the provinces are finalized through the process of varied and complicated negotiations every year, as the data upon which they are based changes from year to year.

The addition of $583 million contained in these supplementary estimates, which is the difference between the $360 million originally planned and the revised amount of $943 million in the present estimates, is due to the fact that the main estimates were prepared when the outcome of negotiations with the provinces was quite uncertain. With respect to the negotiation concerning the substitution of a new formula under regulations for the calculation of revenue guarantees for personal income tax and corporation income tax, the $360 million was not assumed to be correct, but merely an indication of the government's continuing commitment. So there was no trick played there upon anyone. It was because the information and the data were not available that this estimated amount of $360 million was chosen to be included in the main estimates.

I pass now to the 52 $1 items, which are described in the new explanatory section which now appears in the supplementary blue book. The attention of honourable senators is drawn to these new explanations. They will be found to be helpful and quite adequate for any honourable senator wishing to further understand the contents of the blue book. I should add at this time that of the original 52 $1 items, two were struck out following a ruling by the Speaker of the House of Commons.

• (1510)

Paragraph (a) of vote 1d, Industry, Trade and Commerce, which was struck out, read as follows:

> (a) to authorize notwithstanding Section 5 of the National Design Council Act, the payment of remuneration to members of the National Design Council for their participation in committee meetings, planning sessions, and other related services in the course of the implementation of Design Canada programs to improve and promote design, beyond the three mandatory Council meetings, the specific amount of such remuneration to be subject to Treasury Board approval—

The Speaker of the other place gave a lengthy ruling which preceded the striking-out of those items in supplementary estimates (D). I do not intend to quote that ruling but I hasten to say, for the information of honourable senators, that it can be found in *House of Commons Debates* of March 22 at pages 4220 to 4222. The ruling contains an interesting limitation which I wish to draw to the attention of honourable senators. I will not read the paragraph in question as the rules of this house do not allow honourable senators to cite the debates of the other place, except for statements of policy made during the same session by a minister of the Crown. However, I would summarize it by saying that the Speaker of the other place cautioned honourable members not to take any of his decisions as a precedent. That can be found at page 4222 of the Commons *Hansard*. In his ruling, he referred at length to decisions rendered by his predecessor, the Honourable Mr. Lamoureux, in 1971.

The other item which was struck out was also under the heading of Industry, Trade and Commerce, vote 77d, which comprised the following two items:

> (a) To increase from $750,000,000 to $2,500,000,000 the amount set out in Section 26 of the Export Development Act; and
>
> (b) to increase from $750,000,000 to $1,000,000,000 the amount set out in Section 28 of the Export Development Act.

The act, which is chapter E-18 of the Revised Statutes of Canada, 1970, limits the amount of insurance and guarantees which the Export Development Corporation can give to either agencies or individuals seeking assistance from it. That limit under the original act was set at an aggregate of capital and the amount credited to the surplus account of the corporation, and the act was amended later on to change the limit from $500 million to $750 million. The item which was struck from supplementary estimates (D) would have increased the limit from $750 million to $2.5 billion.

Paragraph (b) of Vote 77d would have increased from $750 million to $1 billion the amount set out in Section 28 of the Export Development Act. That, again, has to do with the limits of insurance and guarantees which the corporation can give to agencies or individuals seeking its assistance in connection with exports to other countries.

These two amounts, I might add, can hardly be considered as being appropriations. The item in question would have merely changed the limits under the existing act, thereby, in effect, amending legislation, which is what I believe the Speaker of the other place had in mind when he refused to allow these two items to remain in supplementary estimates (D).

The $1 items may be grouped as follows: 22 votes authorizing the transfer of funds from one vote to another, all of which were left untouched; five votes authorizing the payment of grants—and those remained as originally drafted—nine votes authorizing the deletion of debts, reimbursement of accounts for the value of obsolete stores and the reimbursement of a revolving fund for accumulated deficit; seven votes amending provisions of previous appropriation acts; and, finally, nine votes, now reduced to seven, authorizing guarantees or affecting existing legislation. Additional explanations of the $1 items in the last two groups were provided to the National Finance Committee during its review.

I believe I have covered the important features of Bill C-44. Should honourable senators wish further explanations, I shall do my best to provide them.

Senator Grosart: Honourable senators, it is my intention to move the adjournment of the debate. Having regard to the discussion which took place earlier, perhaps I should assure honourable senators, as I have assured the Acting Leader of the Government, that I will be prepared to proceed tomorrow. I would not like there to be any suggestion that this is in any way a delaying tactic. I am sure honourable senators realize, in view of the very full statement we have had from the acting leader, that this is not quite the usual situation we are faced with when these deadlines come so close to our discussion of legislation towards the end of the fiscal year.

It may also provide an opportunity for the Leader of the Opposition to engage in some discussion as to how we might expedite the matter before us, because it involves not only this bill but others, as well as the study of the main estimates for the coming fiscal year which is yet to take place in the National Finance Committee.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 24, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING BILL, 1977

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-37, to provide for the making of certain fiscal payments and of established programs financing contributions to provinces, to provide for payments in respect of certain provincial taxes and fees, and to make consequential and related amendments.

Bill read first time.

Senator Langlois moved that the bill be placed on the Orders of the Day for second reading on Monday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. R. Angus Alberta Limited and their Parts and Services (CAT) Employees, represented by the Independent Union of Heavy Equipment Trades, dated March 11, 1977.

2. The Corporation of the Town of Dryden, Ontario and its employees, represented by the Dryden Police Association, dated March 10, 1977.

3. Health Sciences Centre, Winnipeg, Manitoba and certain employees, represented by the International Union of Operating Engineers Local 827, dated March 11, 1977.

4. School District No. 60 (Peace River North) and the Board of School Trustees, dated March 11, 1977.

Report of the Canadian Transport Commission for the year ended December 31, 1976, pursuant to section 28(2) of the National Transportation Act, Chapter N-17, R.S.C., 1970.

Capital Budgets of the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority, Ltd., and the Pacific Pilotage Authority for the fiscal year 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Orders in Council P.C. 1977-631, P.C. 1977-632, P.C. 1977-633 and P.C. 1977-634, respectively, dated March 10, 1977, approving same.

Supplementary Report of the Textile and Clothing Board, dated December 2, 1976, to the Minister of Industry, Trade and Commerce, pursuant to section 19 of the Textile and Clothing Board Act, Chapter 39, Statutes of Canada, 1970-71-72, respecting warp-knit fabrics.

Capital Budget of the Export Development Corporation for the year ending December 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1976-2585, dated October 21, 1976, approving same.

OLD AGE SECURITY ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-35, to amend the Old Age Security Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Rowe moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, March 30, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when

the Senate adjourns today it do stand adjourned until Monday next, March 28, 1977, at 8 o'clock in the evening.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Asselin: Explain.

Senator Langlois: Honourable senators, I should like to give the reason for this motion and also the schedule of work in store for us next week.

It will be necessary for the Senate to meet Monday night in order to complete the items remaining on the order paper and to deal with the interim supply bill which has not yet reached us. I should point out that there is considerable urgency with respect to the passage of Bill C-45, the interim supply bill covering the three-twelfths of the main estimates for 1977-78. Those estimates are now before the Standing Senate Committee on National Finance. It had been expected that Bill C-45 would pass the House of Commons tonight, but just before the adjournment of that house last night an order was made deferring any division demanded in relation to Bill C-45 to Monday evening, March 28. Of course, if there is no division, the bill could pass tonight. On Monday evening we shall continue with Bill C-44, and Senator Thompson will move second reading of Bill C-37. On Tuesday we shall have Bill C-45.

I should now like to give a brief summary of the work scheduled for our committees next week. The Committee on National Finance will meet on Tuesday at 10 a.m. to examine the main estimates for 1977-78. On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to hear witnesses on the white paper on banking legislation, after which it will proceed to the subject matter of Bill C-16. It will meet again at 2.30 p.m. for the same purpose. A meeting of the Agriculture Committee has been set down for 3.30 p.m. Wednesday, or when the Senate rises, and Mr. Whelan, the Minister of Agriculture, will give evidence on the beef industry in Canada.

On Thursday the National Finance Committee will hold another meeting on the main estimates for 1977-78 at 9.30 a.m. At 3.30 p.m., or when the Senate rises, the Agriculture Committee will continue its inquiry into the beef industry. Mr. Lessard, the Minister of Regional Economic Expansion, will appear before the committee. Also on Thursday the Standing Joint Committee on Regulations and other Statutory Instruments will meet at 3.30 p.m.

Senator Grosart: Honourable senators, I wonder if I could ask the Acting Leader of the Government whether I understood him correctly when he said that the Standing Senate Committee on National Finance would meet on Tuesday and again on Thursday to discuss the main estimates which have been referred to that committee. If it takes until Thursday morning for that committee to report on the main estimates, what program does the acting leader see for the passage of the interim supply bill which, according to our custom, if not our rules, should not be considered here until we have the report of the National Finance Committee on the main estimates? Does he envisage the National Finance Committee's concluding its consideration and bringing in its report before Thursday?

Senator Langlois: Honourable senators, to place this question in its proper perspective, I should say that it has never been the practice of this chamber to await the report of the National Finance Committee on the main estimates before passing interim supply, because interim supply does not release any item from the main estimates, which are open to discussion and to further reference to the National Finance Committee.

● (1410)

The committee meeting Tuesday is to give honourable senators a chance to have a look at these main estimates, of which we will be asked to pass three-twelfths on the same day. But it is not necessary, in my view, to have a report of this committee before we do so. As I said previously, we are not releasing any of the items of these main estimates, which are open to further discussion and consideration by any Senate committee even after the passage of the interim supply bill. I hope this is the information that my honourable friend wanted, but I am prepared to supplement it if necessary.

Senator Grosart: Honourable senators, I would agree with the statement made by the Acting Leader of the Government that it has not been the custom of this chamber to await the report of the National Finance Committee on the main estimates before we pass interim supply. However, it seems to me that we *should* wait for such a report, because the National Finance Committee is the committee on which we rely for a general statement that the main estimates are in order, with whatever qualifications that committee wishes to make. It does not make much sense, without having the report of the National Finance Committee on the main estimates, that we are prepared to say, "Go ahead. We will give you one-quarter of it anyway."

I would therefore hope that if not in this case then at least on future occasions the leadership of the government in this place will insist, when references are made to the National Finance Committee of such important matters as the main estimates, that that committee deal with them far more speedily than they have done in this case. The National Finance Committee, of which I am a member and so I must take some of the responsibility, received the reference in February, and we are now in the position of being within one week of the deadline and we will be dealing with it only on Tuesday.

I hope that the management of the Senate will in future insist that this process be speeded up so that senators will have at least a week to digest the report of the committee before being asked to approve expenditures under the main estimates.

Senator Langlois: Honourable senators, in my open and, I hope, frank way of dealing with matters of this kind, I am ready to admit that the point raised by my honourable friend is well taken. In this case the Senate itself is to blame, because these main estimates were referred to the National Finance Committee almost two weeks ago. There is no reason whatsoever why they have not been dealt with. But, as the honourable

senator has said, we are faced with a deadline. As I explained yesterday, starting Wednesday, March 30, and continuing on to March 31, cheques have to be mailed to public servants across the country, and these cheques cannot be cashed before April 1 because they fall into the following fiscal year. For this reason we cannot expect that the Department of Supply and Services can issue cheques before authorization has been given for this payment by Parliament. That is why we are faced with a deadline. In this case my honourable friend was right in pointing out that we are at fault in this place, because we should have dealt with these estimates before now. I strongly suggested yesterday to the clerk of this committee, the chairman and vice-chairman being away, that we should at least have a go at these estimates before I introduce this bill in the house on Monday evening, or probably on Tuesday now. That is why a meeting has been set for Tuesday morning. I have tried to arrange to have the minister present, but unfortunately he had a previous commitment which he could not set aside. I have arranged, however, to have the Secretary of the Treasury Board read a statement from the minister, and other officials of the department will be present to answer any detailed questions.

I regret this unfortunate situation, but I am afraid we will have to live with it. I hope it is not going to set a precedent.

Senator Grosart: Honourable senators, I agree entirely with what the Acting Leader of the Government has said, and I certainly will not press the point that we should change the traditional practice in respect to the first interim supply bill this particular week. The reason I rose was that I hoped the acting leader, who has, I am sure, the same concern as we have on this side of the chamber about these matters, will treat this as a case in point and try to prevent it happening again, certainly in the near future.

Senator Langlois: You may depend on my taking care of this in the future.

Motion agreed to.

IMMIGRATION

PERSONS LIVING IN CANADA UNDER DEPORTATION ORDERS OR CONTRARY TO COURT RULINGS—QUESTION

Senator Ewasew: Honourable senators, may I draw the attention of the Acting Leader of the Government to an article that appeared in the Montreal *Gazette* this morning, entitled, "Civil servant cites immigration mess."

In the Department of Manpower and Immigration there is apparently a public servant by the name of Boris Domazet, who claims that there are some 70 persons under deportation orders who should not be, and more than 1,000 persons who have been admitted to Canada contrary to court rulings. Mr. Domazet alleges:

> —that the branch of the department for which he works is a "whole mess" fraught with discrimination, patronage and deliberate oversight, Domazet says his investigations have revealed errors overlooked by senior branch officials for 12 years.

Mr. Domazet says that he made a report which apparently has disappeared from the department, and he has now filed a petition in this respect with 20 members of Parliament.

My question to the deputy leader is: May we have a copy of that petition?

Senator Langlois: Honourable senators, I shall take this question as notice and endeavour to have a copy of this document furnished in due time.

APPROPRIATION BILL NO. 1, 1977

SECOND READING

The Senate resumed from yesterday the debate on the motion of the Honourable Senator Langlois for second reading of the Bill C-44, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

Hon. Allister Grosart: Honourable senators, the discussion of this bill, which arises out of the supplementary estimates (D) for the current financial year, that is, the year ending on the 31st of this month, has some relation to the discussion that took place a few minutes ago, though only to the extent that we are once again in what we have called "the time bind," which is a matter upon which I am not going to elaborate at this time. I am quite sure that the Leader of the Government and the Deputy Leader of the Government are as much concerned about this situation, which arises from time to time, as we are in this group.

It is my pleasant duty to congratulate the acting leader on, as usual, a thorough-going and excellent presentation of legislation. I particularly congratulate him on the fact that he went beyond the normal information given in a bill of this kind, for the very good reason that this is not the traditional appropriations bill that we expect. That is because it has been amended in two important items or votes since it was considered by the Standing Senate Committee on National Finance. Normally it has been the practice to accept the report of the National Finance Committee on the basis that it has considered the estimates on which an appropriation bill of this type is based and has reported to us. When I adjourned the debate yesterday afternoon I said that I hoped the government might provide an opportunity for us to discuss a way in which we might expedite the passage of this bill in keeping with what this house judges to be its duties and responsibilities in an important matter of this kind. Some discussions have taken place, and I believe that the Acting Leader of the Government is prepared, under the extraordinary circumstances of this bill, to move that it be referred to a Committee of the Whole House at some time in the near future. He has been good enough to advise me that that is a decision that has been reached, and for that I thank him.

● (1420)

I can understand the reason for the acting leader's agreeing to this. It is because, as I said, this is an unusual bill. It comes

to us with two important amendments which, in some ways, may be far-reaching and may affect the whole concept of the relationship of the estimates to an appropriation bill. I am quite sure that all senators agree with me that these last minute demands on the Senate to pass bills—not only this one, but the appropriation bill that follows the examination of the main estimates—do not make for a satisfactory manner in which to proceed. However, as I have said, the agreement of all here is so general that it is not a matter which I should labour at this particular time.

In dealing with Bill C-44, Senator Langlois gave us an explanation of its more important provisions including, for example, the basic figures with which we are dealing—something in the order of $494 million of expenditures for which a vote is required, and another $436 million which is made up of statutory items—items for which provision is already enacted. So we are dealing with a vote of something like $500 million.

Senator Langlois also referred in his excellent, if somewhat optimistic, outline to the efforts the government has been making to restrain expenditures. Some of us feel that the restraint has not gone far enough yet. On the other hand, I have to acknowledge that certainly the President of the Treasury Board and his immediate predecessor have made it very clear—at least to me and, I hope, to the National Finance Committee—that they have been making strenuous efforts to restrain expenditures of government departments and agencies.

With respect to the comparisons we were given by the acting leader of the projections of restraint, the relation of the increase in the budget to the increase in the gross national product is useful but, of course, not entirely comparative. This is so for the very good reason that the figures put before us in the blue book and appropriation bills are far from being the whole record of expenditure anticipated by the government. However, that may be a matter we can discuss on another occasion.

Senator Langlois gave us a rundown of the major increases in items of expenditure required in these supplementaries, and an explanation of why in each case. He also dealt with the matter of the federal-provincial transfer payments, and the problem that the revenue on which they are based is not known at the time of the main estimates. This is a matter that Senator Flynn, the Leader of the Opposition, raised, and on which Senator Langlois gave us quite an extended explanation from the government side. I imagine that later Senator Flynn will have something to say about it, so I will leave that to him.

Senator Langlois then dealt with what he called the 52 $1 items. It is in this peripheral area that we have the changes that have been made to the bill as it is presented to us today, compared to the bill on first reading in the House of Commons and reference to our National Finance Committee. Senator Langlois has made it quite clear that this is not the place to debate a ruling of the Speaker of the House of Commons. It is, however, germane to our discussion here because it has made amendments to the bill necessary, and it is not merely a procedural issue. It is not trivial. In line with Senator Langlois' caution, I will not quote the Speaker of the other place, but rather summarize what he said, which was to the effect that he proposed to "set aside" these two $1 items, and that this was far from merely incidental to their procedure. He said it touches on the very fundamentals—on the very right of Parliament to function. This is a strong statement. He also said—and again I am paraphrasing—that this matter before us at this particular moment touches on the right of Parliament to function, the right of Parliament to examine the spending estimates, and so on.

There has been some confusion on this in the press reports, and perhaps on a superficial reading of the debates and the ruling. I repeat that I do not intend to discuss the ruling as to whether it is good or bad, but merely point out that in his ruling the Speaker made it quite clear that he was not concerned merely with $1 items. In fact, he was not concerned that these two particular cases which he ruled against were $1 items. He made it very clear that it did not matter whether they were $1 items or $100 items. The basic principle was whether Parliament has the right to legislate in the broader sense in an appropriation act, and he made a distinction between the right of Parliament to act by enacting legislation and the right of Parliament to implement that legislation by authorizing the expenditure of money in an appropriation bill.

I will say no more than that on this, except that when we go to committee it may be a time, when the minister is there, to ask him if it is now the policy of government, particularly in the area of amending legislation, not to attempt to legislate particularly by using $1 items or other votes in appropriation bills.

As Senator Langlois said in his summary, the Speaker merely cautions that his ruling should not be taken as a precedent. I accept that, but I think that any careful analysis of the debate and the ruling will indicate that what the Speaker was saying was that, of the ten items which had been brought to his attention as possibly being beyond the power of Parliament to pass in this particular bill under the Standing Orders of the House of Commons, he had selected only two, and the basis of his selection was that these are two votes in which there is a clear statement that their effect would be to amend legislation. Again I emphasize that he said it does not matter whether they are $1 votes or $1 million votes. As the intention was to amend other legislation, Mr. Speaker said that he proposed to set them aside.

• (1430)

In the bill before us, of course, these two items have been set aside, but this is of particular interest to the Senate because, in refreshing my own memory, I went back as far as 1969 to a hearing of our National Finance Committee and its report, and to the statements made in the chamber, which suggest that the ruling now made by Mr. Speaker is the proper way to proceed in such matters. Members of that committee will, I am sure, agree with me that for years we have drawn attention to what we have called an improper device—that is, the use of appropriation bills to enact or amend legislation. It may be a matter of semantics, of course, because it can be immediately

said that an appropriation act is, in one sense of the word, legislation. That argument has been used over and over again to justify this method of enacting legislation, but now at least we have this ruling and the hope that in future there will be a distinct separation between the authority given by Parliament to the government to act in the usual type of bill and the authority given to the government to spend in an appropriation bill. I am sure, if this does become the policy of the government in the future, it will resolve many of the differences and solve many of the problems that occur in the other place and here when these kinds of items appear in appropriation bills.

The other general details of the appropriation bill before us have been examined carefully by the Standing Senate Committee on National Finance, and it is therefore unnecessary for me at this time to discuss them further. That report has been presented and debated.

I suppose the remaining major item is the ticklish matter of the revised base of the transfer payments under the federal-provincial legislation. This is more important than might appear on the surface to some, and I hope it will be the subject of discussion in the Committee of the Whole, or will at least be the subject of questioning of the minister or his representatives on that occasion. I hope the Acting Leader of the Government will be in a position before we adjourn for the weekend to inform the Senate when the meeting of the Committee of the Whole will take place. I know he will have some problems in arranging it, but it would be useful to know that before we adjourn to next week.

With those few observations, which I might say would have been much longer had it not been for the undertaking by the acting leader to allow us to discuss this further in another forum, I will say that we on this side, unless there is some other senator who wishes to speak, are prepared to see the bill receive second reading today. I say that on behalf of the Leader of the Opposition, if that is the wish of the Acting Leader of the Government.

Hon. Eugene A. Forsey: It may seem odd and perhaps improper for an obscure backbencher on the government side of the house to make any comments on this matter, but I merely want to endorse fully and to emphasize strongly what the Deputy Leader of the Opposition has just said about this business of enacting substantive legislation by supply bills.

I think it is an outrageous and iniquitous way of proceeding. I think it is very much to the credit of the Senate that our National Finance Committee and the Senate itself have repeatedly denounced this and demanded that the practice should be dropped. But I think the time has now come when it may be necessary for us to go even farther perhaps than we have done in the past on this.

I read the proceedings in the other place. Of course one cannot quote from them. I do not intend even to try. But they impressed upon me again the iniquitousness of this way of proceeding. Thanks to the rules that now prevail in the House of Commons on the subject of consideration of estimates, it is exceedingly difficult there, in fact very nearly impossible, to get the kind of discussion on the estimates that ordinarily took place under the old rules, the time-honoured committee of supply and the procedure which had been used until a comparatively few years ago. The fact that it is impossible, or virtually impossible, to get adequate debate on these things in the House of Commons, I think places upon the Senate and upon the National Finance Committee an extra responsibility which that committee and this house are, I think, in a position to discharge very thoroughly.

It means that we need to scrutinize these items much more carefully, even more carefully than we have in the past. We probably need to debate them fully. I should go farther and say that, if need be, we should be prepared to amend or even to reject appropriation bills which contain this kind of provision.

Of course, somebody will say that we have no right to amend or to reject money bills. The fact of the matter is that we have done so over and over again in the past—not in the recent past, but over and over again in a not very distant past. If the people's rights are not being adequately defended in the other place, then I think an extra responsibility falls upon this house.

I want to make reference to two particular items in the bill, the one dealing with the establishment of Rail Canada and the one dealing with the transformation of the Seaway debt into equity. Both of these, it seems to me, are matters of major importance. One of them, the Rail Canada proposal, is a major development in transportation policy, and that it should be enacted into law, or even partially enacted into law—I know there is something there about incorporation under the Corporations Act, or something of the sort—but that this should be enacted into law or even partially enacted into law by a device like this I think is simply scandalous.

Honourable senators may recall that when Loto Canada was being established last year I and others protested against this method of proceeding. We got, finally, a debate on that, which made it much more satsifactory, of course, but that merely illustrates my point that I think we ought to have debates on these things and on the principles of them.

When the matter comes before the Committee of the Whole, as I gather it will, I hope this will be driven home to the minister and to any officials who may be appearing, because it is really, in my judgment, wholly subversive of parliamentary government that matters of this importance, particularly, should be dealt with as items in a supply bill. And, of course, when it comes to some of these $1 items which undertake to amend existing legislation and that sort of thing, then the case is even more flagrant.

I felt I could not remain silent when this was going on, because I certainly did not come here to be a yes-man for anybody, and I think it is incumbent upon any senator who feels as strongly as I do about this to say his piece and to make clear that in spite of his general support of the administration he is not prepared to countenance this kind of procedure.

Hon. Senators: Hear, hear.

● (1440)

Hon. Leopold Langlois: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Langlois: Honourable senators, in closing the debate I wish to thank my honourable friend, the Acting Leader of the Opposition, for his kind remarks in relation to my introduction of this measure in the Senate. Putting aside my personal and innate shortcomings, I always endeavour to do my best, which I think is a bare minimum, in the discharge of my duties in this chamber. I do hope—and I might be presumptuous in saying this—that I will never fail my colleagues in that respect.

Having said that, I am happy to inform the Senate that, following discussion with Senator Grosart yesterday, I am agreeable to having this bill referred to a Committee of the Whole, and I propose to so move as soon as it has received second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be referred to Committee of the Whole for consideration at the next sitting of the Senate.

Motion agreed to.

CONFEDERATION

PROPOSED SPECIAL JOINT COMMITTEE TO EXAMINE MATTERS OF MUTUAL INTEREST TO ALL CANADIANS—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Cook calling the attenton of the Senate to matters of interest concerning Labrador and also to the desirability of establishing a Special Joint Committee of the Senate and the House of Commons to examine matters of mutual interest to all Canadians whether they reside in Quebec or elsewhere in Canada—(*Honourable Senator Petten*).

Hon. Eugene A. Forsey: Honourable senators, with leave, I should like to speak to this inquiry now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Forsey: Honourable senators, after the admirable speech which the Honourable Senator Cook delivered on this subject, and the excellent intervention of the Honourable Senator Desruisseaux, and possibly others whose names escape me at the moment, it may seem what the Anglican prayer book calls a work of supererogation for anyone else to speak.

When I was speaking to some people on this subject last night, I said I was going to speak in the Senate this afternoon on it and I should probably be doing little more than adding footnotes to what Senator Cook had said. On reconsideration, I am inclined to think that I may go well beyond footnotes. It is difficult to avoid doing so if one attempts to discuss this question at all.

I hasten to add that I propose to deal only with a very few points—which I trust will not be repetitive of what Senator Cook has said, though occasionally I may trespass in that regard—a very few points which I think are of fundamental importance in this whole question of the relationship of the present Province of Quebec to Canada and the possibility of its becoming an independent foreign state.

The first thing I want to do is to state clearly the answer, as I see it, to the request I get repeatedly from people for an answer to the question: "Can Quebec or any other province, legally separate from Canada under the present Constitution?"

To that, the answer is, in my judgment, a flat and unequivocal no. No provincial legislature has any powers except those which are granted to it by the British North America Act. To the best of my recollection, those powers are contained in sections 92, 93 and 95.

Section 92 explicitly begins:

> In each Province the Legislature may exclusively make Laws in relation to Matters—

And the various matters are enumerated.

Section 93 begins:

> In and for each Province the Legislature may exclusively make laws in relation to Education, subject and according to the following Provisions:—

And then, of course, the guarantees, or what the Fathers of Confederation hoped would be the guarantees, for the separate and dissentient schools of the Roman Catholic and Protestant minorities of the Queen's subjects.

Section 95, of course, gives the Parliament of Canada and the legislatures of the provinces concurrent jurisdiction over agriculture and immigration, but with an explicit provision that in case of conflict the Dominion legislation shall prevail.

I defy anybody to go through the British North America Act from end to end with a fine-tooth comb, to go through all of the amendments with a fine-tooth comb, and find any warrant whatever for the assertion that any province can legally secede from Canada under the present Constitution.

The next question I am apt to get is: "Well, is there any constitutional way in which a province could secede from Confederation?" And I think the answer to that is yes. But it is an answer which involves a rather elaborate procedure, only a very little of it a matter of strict law; most of it a matter of

constitutional custom on which, of course, there is sometimes room for some difference of opinion.

There are, as honourable senators will recall, various matters in the Constitution which can be changed by an ordinary act of the Parliament of Canada. Under the provisions of section 91, head 1, of the British North America Act, Parliament could, for example, abolish the monarchy or abolish the Senate, to take two glaring examples, by a simple act, just as easily as Parliament can amend the Food and Drugs Act or the Criminal Code. But section 91, head 1, carefully excludes from the amending power granted to Parliament in 1949 a variety of highly important, capitally important, subjects, notably the powers of the provincial legislatures. So that it seems to me quite clear that we could not, in this Parliament, by an act change the British North America Act to allow for the secession of any province. It follows, therefore, that the legal power to do so rests still in the British Parliament, which, however, acts simply as a rubber stamp for any request by the Parliament of Canada.

Ever since 1871, with perhaps one minor exception, no amendment has been made to the British North America Act by the Parliament of the United Kingdom, except on request from the Parliament of Canada, usually in the form of an address from both houses asking the Queen to submit to the Parliament of the United Kingdom the necessary legislation.

Since 1930 there has grown up a practice in regard to amendments to the British North America Act which directly affect the provinces, a practice of Parliament asking for such amendments only with the consent of all of the governments of the provinces concerned. In 1930, when the natural resources were returned to the prairies provinces and a small body of land to the Province of British Columbia, the four western provinces were consulted and gave their consent before Parliament passed the address asking for that change in the British North America Act. In all the other cases since 1930, where the interests of the provinces have been directly concerned, directly affected, action by Parliament in the form of a joint address to the Queen has taken place only after all the provinces have consented.

● (1450)

Does that establish one of the conventions of the Constitution, one of the customary rules according to which the country is governed? The senior professor of constitutional law in this country, Professor Lederman of Queen's University, in a speech in Halifax last weekend, of which he was kind enough to give me a preliminary copy, said flatly: Yes, it does. It would be constitutionally impossible for Parliament to seek an amendment to the British North America Act dealing with a matter like this without the consent of all the provinces.

With great respect, I am a little inclined to make a reservation on that point. I used to share Professor Lederman's opinion. After some discussion with various constitutional lawyers, whose opinion I value and respect, I was inclined to hedge a little bit; and I should be inclined now, I think, to say that if, for example, the province of Prince Edward Island, to take the very smallest province, objected to an amendment, and everybody else was ardently in favour of it, or at all events in favour of it, or if my native province of Newfoundland were the sole objector, the Parliament of Canada might go ahead anyway saying, "Well, at least we've got a general consensus."

I proffer that qualification of what Professor Lederman said with a proper diffidence, recognizing that he may very well be right and that unanimous consent would be necessary for an amendment permitting any province to leave Confederation.

The next point that arises is: Is there any likelihood that the Parliament of Canada could get the consent of all the provinces, or, even if it could, would go ahead to ask for such an amendment without knowing the terms on which secession would take place and embodying them in the amendment?

To that my answer would be, "Certainly not." It seems to me that you are not likely in any circumstances to get any amendment of this sort passed by the Parliament of Canada for submission to the British Parliament unless the terms had already been worked out. Of course, I hasten to add that in my judgment no terms can be worked out, no negotiations can take place, unless M. Lévesque gets a majority in his plebiscite. Strictly speaking, it wouldn't be a referendum because, as constitutional lawyers know, under the decision of the Judicial Committee in the *Manitoba Initiative and Referendum Act* case, no province has power to hold a referendum properly so called. All it can do is hold a plebiscite, getting an expression of opinion. It cannot, as it were, pass a law by referendum.

Well, assuming that M. Lévesque gets a majority in his plebiscite—and I immediately say *absit omen*, God forbid, à Dieu ne plaise; I couldn't hope more ardently than I do that he would not get such a majority—but assuming that he gets it, then, it seems to me, a period of very tough negotiation would follow, a period of negotiation in which each side would be governed strictly by what it considered its collective interest, its national interest; and the problems which would arise are staggering, both in size and in complexity. I shall mention just a few of them.

One very obvious one, which would bring in the United States, incidentally, is, of course, the whole future of the St. Lawrence Seaway. I felt that was a pretty complicated and difficult problem. When I read the chapter on the subject by Professor Jackson, in a book called *One Country or Two*, issued by McGill-Queen's Press two or three years ago, I decided that I had been extremely simplistic and naive; that, to use the words of the Queen of Sheba in scripture, "The half had not been told unto me;" that the difficulties were complex and huge beyond my wildest imaginings. There is one problem that would be a very difficult one to deal with, I think.

Then, of course, you have, in the second place, the question of the division of the national assets and the national debt; and very possibly the views of the Government of Canada and the government of the coming-into-being independent state of Quebec might diverge very widely indeed. I think it is not inconceivable, for example, that the Government of Quebec would be inclined to say, "Well, a considerable part of the debt of Canada has been incurred in military expenditures, notably

during two wars, with which a great many of us disagreed, and we don't see why we should have to shoulder this burden which in effect was imposed upon the country by the English-speaking majority, and therefore we want to see that part of the debt, as far as we are concerned, cut down; we would rather not assume any part of that."

We might find also that the Government of Quebec expected to get a much larger share of the national assets, whether situated within the confines of Quebec's territory or otherwise, than the Government of Canada thought suitable. It seems to me you would have a very difficult question there, a very difficult problem to resolve.

Then, of course, there is the question of exactly what would constitute Quebec for purposes of this secession. I don't want to sound inflammatory or extreme, but I do think that this is a real problem, and it is a real problem partly because it has been raised by the Parti Québécois itself, and raised in more than one form.

As Senator Cook pointed out, it has been raised in relation to the Labrador boundary, and the view which the present Government of Quebec takes, to the best of my belief, is that it does not recognize the judgment, the award, of the Judicial Committee of the Privy Council in 1927. It doesn't regard that as law—an attitude that strikes me as convenient but a trifle bizarre. I have never noticed any tendency on the part of any government of Quebec to reject the judgments of the Privy Council which in effect enlarged the powers of the provinces; but this appears to be a theory "If you don't like a judgment, then it really isn't binding on you." That I find a little difficult to take, a little difficult to accept. But that question, I think, would undoubtedly arise.

You would almost certainly have the Government of Quebec asking for either the whole of Labrador or at least for a very large chunk of it, and I think it quite safe to say that the Government of Newfoundland would strongly object to this. In fact, I went so far, when I was asked a question about this on the radio, as to say on that subject, "Every Newfoundlander in the world would spring to the defence of the Labrador boundary and all the dead ones would rise from their graves and join us." I didn't mean nesessarily by force of arms. I said "defence" not necessarily in the physical sense, but I shouldn't entirely rule that out either. My fellow countrymen from Newfoundland are a very tough crowd and I shouldn't want to answer for what they might do if they got thoroughly angered by something of this sort. Anyway, the problem is likely to arise.

Another part of this problem with the boundaries is, of course, the question of the territories which were added to Quebec in 1898 and 1912. Those territories had been part of the Hudson's Bay territory purchased by Canada with Canadian money from the Hudson's Bay Company, and it seems to me quite conceivable that the Government of Canada would argue, as one of the members of the constitutional committee some years ago did when this matter came up, that those territories were given to Quebec as a province of Canada, and if it became an independent foreign state then that was a new ball game.

One parenthetical note on this was supplied to me a few days ago by someone who had looked up the statistics of population for Ungava in 1912. I am sorry to say that I can't remember the exact figures he gave, and I haven't attempted to verify them, but they were something like this, that at that time in the Territory of Ungava there were a considerable number of Eskimos—Inuits they are called nowadays, of course—and Indians, and then certainly less than 10 of each of the other categories he mentioned; I think it was something like four French Canadians, two English people, two Scotch people and one Irishman—something of that sort. Anyway, the whole European population was microscopic. The main population of the territory was Inuit or Indian. Of course, that does not settle the question but it is one factor. If there were a proposal by Canada to hang on to that territory, then it would not be possible, I think, to say, "Oh, but this has been from a time immemorial part of the patrimony of Quebec; this has been from time immemorial part of the homeland of the French Canadian people."

● (1500)

Then you have another factor in this border business—this boundaries of Quebec business for the purposes of the hypothetical negotiations—and that is that you might very easily have a substantial part of the population of Quebec voting no in a referendum or plebiscite on separation, even though the majority of the citizens of the whole province voted yes, saying, "Yes, we want to separate." This is not simply a thing of my own imagining, because we all know that there are certain associations which have been formed recently in Western Quebec and on the Island of Montreal which have said in effect that if Quebec secedes from Canada, they want their particular part of Quebec to secede from Quebec and stay in Canada. And this could raise a problem because you could perfectly well, it seems to me, have the possibility of considerable sections of even old, pre-1898 Quebec saying, "No, we don't want to secede."

I had an inquiry from Dr. Shaw, the member of the Legislative Assembly of Quebec who is one of the people promoting this idea, as to the constitutional position in the matter, and I said, "Well, there is nothing to prevent you seceding from Quebec if you can get the consent of the Quebec legislature. Under the British North America Act, 1871, the Parliament of Canada can diminish, increase, alter in any way the limits of any province provided the legislature of the province consents." I said, "Of course, that looks as if you were stuck, because obviously the legislature of the province is not likely to consent." "But," I said, "on the other hand, substantially the position is also that the province of Quebec cannot secede from Canada without the consent of the Parliament of Canada. So it is not quite such a dead stymie for you as it might appear." I will come back in a moment to this particular aspect of the thing in a slightly different context.

There is a further factor which might enter into the discussion of boundaries. I was looking over, just yesterday or the

day before, the draft program of the Parti Québécois, drawn up by the present Quebec Minister of Education, Maître Jacques Yvan Morin, and I was astonished—I had read it before, but I had completely forgotten it—I was astonished to find an article in the draft constitution for the state of Quebec which provided for the annexing by Quebec of contiguous territories of Ontario and New Brunswick inhabited by French-speaking people. Now I think you can make an argument on—what shall we say?—a basis of natural law or self-determination on various high moral principles, or what are claimed to be high moral principles, at all events, for saying that if there is to be an independent francophone state, then it should include not only the territory of the province of Quebec, however that may be defined, but also the contiguous areas of Ontario and New Brunswick inhabited mainly by French-speaking Canadians, though, of course, if you are going to make that argument, it seems very difficult to deny the right of certain parts of the province of Quebec to secede from Quebec simply because they don't want to be part of that independent state of Quebec. So that you might very easily have a strong irridentist feeling in the Government of Quebec in these negotiations, and the Government of Quebec might very well say, "Well, it is all very well to talk about the territory of Quebec as it stands, but after all the French Canadian 'nation' has now extended well beyond the boundaries of Quebec and we want to have our separated brethren in the other provinces nearby"—I don't suppose they would attempt to do anything about the remoter parts of the country and the small French Canadian minorities there—"we want to have our separated brethren in the contiguous territories united with us in one great, glorious, francophone independent state."

Now I said I would come back to the matter of possible secession or excision of certain parts of the present province of Quebec from Canada in a slightly different context. That context is what seems to me the necessity, the absolute necessity, of having a corridor linking the Atlantic provinces with the rest of what will remain of Canada. That corridor, of course, might go up through Ungava, assuming that Canada was able to retain Ungava, or it might go through the southern part of the province, assuming that the majority of the people in that part of the province were desirous of remaining in Confederation.

I don't know the answers to these things, and I am not prepared to suggest answers. I merely raise these problems because it seems to me that they are very grave, difficult and complex problems, and I think that one of the main arguments that M. Lévesque has been making both in Quebec and outside of it is the ease with which this transaction could be negotiated, the simplicity of it, and the general spirit of brotherly love which would reign over the proceedings. I should hope there would be brotherly love, but I feel a trifle skeptical about the extent or depth of it. I am afraid that a good many people would be angry or frightened and when people are angry or frightened they often behave in unreasonable ways. But one way or another, I think that this question of a corridor uniting the Atlantic provinces with the rest of Canada would be one that would have to be discussed and one to which there would have to be some solution. Exactly what kind of solution there would be, I don't know. I don't think it would do simply to say, "Oh, we'll give you the right to fly across our territory, in whatever circumstances may be defined by treaty," or something of that sort.

There are just two other things I want to say this afternoon on this subject; one has to do with what appears to be M. Lévesque's trump card or one of his trump cards, economic association with Canada. That is proffered to the population of Quebec and to the population of the rest of Canada as something of almost infinite reassurance: "You don't need to worry about economic problems, you don't need to worry about economic dislocation, you don't need to worry about a fracturing of the intricate economic web which binds the different parts of Canada, the Canadian common market, together because we will negotiate an arrangement for economic union, economic association with the rest of Canada." I am not quite sure what the contemporary version of the terms of this association as promulgated by the Parti Québécois may be, but originally, as I read it, they proposed that tariff policy, monetary policy, and transportation policy should be governed by a joint board or boards made up half of Canadian representatives and half of Quebec. There would be a common tariff, a common monetary policy and a common transcontinental transportation policy which would be governed by this board or boards.

Some years ago, shortly after the Parti Québécois was founded, there was a student conference at the University of Winnipeg, at which M. Lévesque was the star turn. By force of circumstances, unavoidable circumstances, I arrived just too late to hear M. Lévesque's speech. I think I heard probably the last sentence, or something of that kind. I don't recall now. Anyway, almost immediately we adjourned into a huge gymnasium about as large as this chamber, where I found myself sitting cross-legged on the floor beside M. Lévesque. Very respectfully I said to him, "M. Lévesque, there's one question I'd like to ask you. It has to do with this proposed arrangement of yours for economic association with Canada." I then set out to him what I understood to be the 50-50 proposal on these three subjects. I said to him, "I do not really see how this would work, because it seems to me clear that the Quebec government would be almost certain to want an increase, and perhaps a pretty stiff increase, in the common tariff on textiles, boots and shoes and other products of Quebec industries, which are in difficulties, or likely to be in difficulties; whereas the Canadian delegation might say, 'Oh, no. We don't see any necessity for that at all.' They might say, 'After all, as long as you were in Canada, these were our industries too. They were Canadian industries. But now they're not, so we don't feel the same responsibility about them at all.' "

• (1510)

I said to him also, "It seems to me that with regard to monetary policy, in the light of the prevailing tendency for Quebec to have a much higher unemployment rate than

central and western Canada, you would probably want to have the common monetary policy take a much more expansionary turn in order to deal with your unemployment problem. It seems to me possible, on the other hand, that Canada might say, 'Oh, no, no. We don't want any more expansionary monetary policy. That might lead to more inflation, which we're very much afraid of.' " I said, "I don't see how it would work. It seems to me that each party to this agreement would have an absolute veto on things that the other party regarded as essential, or very nearly essential. I don't think it would work. I think the thing would blow up."

To my flabbergasted astonishment, M. Lévesque replied, "Oh, not necessarily 50-50; one-third, two-thirds." Well, if I had been sitting on a chair I should probably have fallen off, but because I was on the floor I couldn't fall any farther, but I said to him, "Well, M. Lévesque, you've been complaining for years that you were always in a perpetual minority of one-third in all decisions. I don't think you're correct, but this is the complaint I understand you to have made. If you accepted an arrangement like that you would be in a perpetual minority of one-third, locked in tight." At that point the bell rang, we were summoned back to the plenary session, and I never got an answer. That is putting the thing in rather stark terms, but it seems to me that it is putting it in terms which need to be considered.

What the precise current proposal of the Parti Québécois is on this economic association, I frankly don't know; but there's certainly that danger, that you might get an arrangement which would enable either party to veto what the other wanted. And I think that my fears about the divergent interests of the two parties have been accentuated since I was putting these questions to M. Lévesque some years ago, because a matter of a week or so ago I saw, from somebody in the west—not an individual, and not apparently a collection of mere crackpots, but some body with some claim to standing and representativeness—something like this: "For years those blankety blank, unspeakable so-and-so's in Ontario have been skinning us with their high tariffs, and they've been able to do it because the Ontario members in the House of Commons have had the support of the Quebec members on this matter; but once Quebec gets out they won't have that support any more. Ontario will be in a minority. We in the west will team up with the Atlantic provinces, who have also been skinned by Ontario, and just watch us do the skinning."

I'm putting it in more picturesque terms than they did, but that was the substance of it. So I think it's perfectly possible that in any economic arrangement or any economic association such as the Parti Québécois appears to envisage, you would have a very strong feeling on the part of the Canadian government, backed by this probable low tariff majority in the House of Commons, to bring the common tariff down at exactly the moment that the Quebec state would be asking to have it put up.

Similarly with monetary policy. It is highly unlikely, in my judgment, that in the foreseeable future, with the inflationary tendencies which are, I think, endemic in our society now, the Canadian half of the thing would consent to a markedly expansionary common monetary policy. They would say, "Oh, no, no. We don't want to risk any more inflation. We've had enough of that already, thank you. If we go in for an expansionary monetary policy on the scale suggested by you people, then we shall be in the inflationary soup, and properly in it."

I therefore think that this wonderful, magic phrase about economic association needs to be very, very carefully scrutinized, both by the people of the province of Quebec, and by the people in the rest of Canada, because the reassurance which it appears to offer is a completely false reassurance. It's an illusion.

There are two other things I want to say. I might perhaps sum them up as one thing. I hope that we are not, any of us, going to be led away or taken up the garden path by certain magic words or phrases. One of these is "flexibility." The other is "decentralization."

First I want to deal briefly with flexibility. Some people appear to think that flexibility is one of the cardinal virtues; that it is an absolute. These people, I think, might well propose that our national animal should be the jelly-fish. I can't accept that point of view. It seems to me that if you're rigid or if you're flexible, the value, the rightness or wrongness, of your rigidity or your flexibility, depends on what it is you're being rigid or flexible about. If somebody comes to me and says, "My dear fellow, that tie of yours is a ghastly mess and it really sends me up the wall, and unfortunately I have to sit in the same chamber with you . . ."—I am assuming it is an honourable senator that would approach me in this fashion—". . . and really, you know, it's disturbing my whole mental make-up. Do you think you could possibly change it?" my answer would be, "Why, certainly. I am perfectly prepared to be flexible about that." But if anybody—and of course this would exclude any honourable senator, I'm sure, though there may be moments when some of you get annoyed enough with me to feel a little like this—came to me and said, "Come on up to the top of the Peace Tower," and when I got up there said, "Now, look. Your very existence sends me round the bend, and the only way you can possibly restore my sanity, or preserve it, is to jump off," I would say, "Sorry. I have to be rather rigid about this."

I think, on this matter of rigidity and flexibility, the value of either of these two attitudes depends on what you are being rigid or flexible about. I get tired beyond measure of people who repeat the word "flexibility" in the same way that the proverbial old lady repeated that blessed word "Mesopotamia" which she had found in the Scripture and from which she said she got such infinite help, strength and comfort.

There may be room for various changes in our Constitution; there may be room for flexibility on certain things; but let us be quite clear about those specific things on which we think such flexibility is possible.

I may add at this point that I don't think the question of either flexibility or decentralization is something that's going to have the smallest effect on M. Lévesque or on the Parti

Québécois in general. I don't think the word "compromise" occurs in their lexicon, and quite reasonably and properly and logically, from their point of view. I'm not complaining about that; I simply say it's a fact to be faced. I noticed that Mr. Douglas Fullerton, in the Toronto *Star* some little time ago, said we should have a compromise between M. Lévesque and Mr. Trudeau. Well, I don't know in what ivory tower he's been living for some years, but that seemed to me to be one of the most foolish remarks I'd ever heard in my life, and a remark unrealistic to the point of infinity.

The other great word is "decentralization." If anybody means by "decentralization", decentralizing central government departments and agencies, then that seems to me a quite reasonable idea. There may be limits to it. I think there are some things you couldn't very well send out to the west or to Come-By-Chance or Empty Basket, Newfoundland. There are other things which could be dispersed across the country, and I think this is part of the present government's policy. Sometimes it may be applied with a little less circumspection, and a little less consultation than may be advisable, but I think it is a policy which is not at all novel and I suspect it is one with which a great many people in most political parties in this country would agree. But if you are talking about handing over powers of the central Parliament to the provincial legislatures, then I become much more skeptical.

● (1520)

The Joint Committee on the Constitution some years ago looked at this problem very carefully. It travelled all across the country; it sat in 47 different places, large and small; it heard all kinds of witnesses, learned and unlearned, sensible and verging upon the lunatic. We had one man who arrived with a revolver, and was prepared to shoot up the committee. The Mounted Police were able to take him away. We had some other people who, though not quite at that stage, were of rather doubtful mental balance, shall we say. We had men and women and old and young; we had all kinds of people appearing before us. As a result of our deliberations we concluded that certain things which now came within the jurisdiction of the Parliament of Canada could very well be transferred to the jurisdiction of provincial legislatures.

My recollection is that we said the parts of the Criminal Code dealing with lotteries and Sunday observance could be so transferred and there were good reasons for doing so, because there were different views in different parts of the country on these questions. We thought, also, that the whole field of marriage and divorce could very well be transferred to the provinces, always, of course, with some sort of a full faith and credit clause, so that you wouldn't find that someone who got married in New Brunswick legally according to the laws of New Brunswick, on moving to Manitoba discovering that he was living in sin in that province and that his children were all illegitimate. But those were two things which we felt could be very easily transferred to provincial jurisdiction. Now there may be others.

We also suggested, I think, a widening of provincial jurisdiction in the matter of family allowances, something that I think has since been settled by administrative and legislative arrangements between the Province of Quebec and the Government of Canada. But we also felt that there were certain things within provincial jurisdiction which in modern circumstances might, perhaps, better be transferred to the jurisdiction of the Parliament of Canada. One of them was control over securities and exchange legislation. Another was, of course, the control over prices and incomes, though there our recommendation was so obscurely drafted that it was very difficult to make clear sense of it. In fact, I remonstrated when I saw it in the draft and said to the chairman, Dr. MacGuigan, "This is really muddy beyond description; it won't do, you know," and he said, "No, I quite agree with you, but this is what the committee decided and I am afraid we're stuck with it." But the intent of the thing is fairly clear, that there should be a greater degree of centralization, in the opinion of the committee at that time, a greater degree of centralization in the control over prices and incomes, and I don't think that the recent decision of the Supreme Court of Canada by any means entirely invalidates what we proposed on that.

Now, one of the things that have been suggested more recently for decentralization in this sense of handing over power to the provinces has been communications, and there I am not well enough informed to be very positive. My impression is that it should be possible to make some adjustments there, and that, in fact, in certain recent matters like the agreement with the Province of Manitoba the Government of Canada has been moving in that direction and has shown itself disposed to the somewhat flexible, shall I say, evidently considering that in these particulars it was not giving away anything essential.

Something has been said about immigration, also—more power to the provinces in immigration. Well, again there may be room for something there. I have been under the impression that the arrangements which had been made available to all the provinces were taken up only by Quebec for administrative collaboration and administrative devolution, you might say; the presence of Quebec government agents in immigration offices abroad, where they were available for consultation and for guidance and so forth. I was under the impression that sufficient had been done that way, but I am open to conviction that more can be done without destroying anything essential to the government of the country as a whole, without violating the national interest.

A third field that has been suggested is urban affairs and that really staggers me, because in the first place the provinces already have exclusive jurisdiction over municipal institutions and, unless I am much mistaken, the only reason the Government of Canada got into the picture at all on urban affairs was because of the anguished cries the municipalities were voicing, cries which came to us on the Constitution Committee in strident tones and repeatedly, anguished cries that the provinces were being so stingy and niggardly with their municipalities, especially the huge metropolitan municipalities which had enormous demands upon their resources and most inadequate resources to meet those demands. The municipalities said,

"We have got to have some help; we can't get what we need from the provinces. We have got to have some help from the central government." They even talked about changes to the Constitution to make some of the metropolitan areas city states in the federation, as it were, give metropolitan areas provincial status, rather like the city of Vienna in the Austrian confederation.

We got a series of proposals on this, and it seems to me that it's out of that kind of situation that the intervention, such as it has been, by the Government of Canada in urban affairs arose. Money was provided, research facilities were provided, advice was provided to the municipalities simply because they found themselves stuck, found themselves caught by the constitutional authority of the province in a frightful financial bind. So I do not know how much further decentralization you could make in urban affairs than you have got already, though, I suppose, you could simply say, "Well, the Government of Canada will shut down on everything to do with urban affairs and leave the thing strictly to the provinces with their exclusive jurisdiction over municipal institutions." That would be possible, but I am afraid it would raise for the municipalities, especially the metropolitan areas, quite as many problems as it solved. But I don't want to sound as if I am saying nothing could be done beyond even the areas that I have mentioned, which seemed to me, perhaps, the most promising ones for decentralization.

I don't see how much more could be done in view of the fact that we now have in Canada one of the most highly decentralized federations in the world. Professor Simeon, the head of the Institute of Intergovernmental Relations at Queen's University, has said in an article which appeared in the Ottawa *Journal* and, I think, elsewhere as well, that we have either the most decentralized confederation in the world, or very nearly. It is possible, I think he said—and if he didn't say it someone else with some capacity did say it recently—it is possible that Switzerland is slightly more decentralized, on paper at least, though perhaps not in fact, than Canada. The recent agreement between the Government of Canada and the provinces on financial matters I think carried that decentralization further. Professor Simeon, in fact, said, "If you examine the history of the last ten years you will see a massive transfer of resources and real power from the central to the provinces." So that just to wave a wand and sing "decentralization," in my mind, is as futile as to wave the other wand and sing "flexibility." You have got to get down to something specific and definite and say what it is you think can be done without injury to the national interest, or even with benefit to the national interest.

Now, there are many other things that could be said about this. Some of them have been said by other honourable senators, in this chamber and out, and they are of vast importance. I have been talking about constitutional aspects and some of the economic aspects because of what we call in French, I think, déformation professionnelle. I have been engaged for a good part of my life in dealing with constitutional matters and to some extent with economic matters, so I have emphasized those. I am reluctant to go much outside the extremely limited field of my competence. I do not mean, however, by this to downgrade in any way the importance of the other factors to which reference has so often been made and with every justification. For example, the overmastering necessity for the people in the predominantly English-speaking provinces to accept the French fact in Canada, to accept it wholeheartedly, to accept the utmost possible degree of bilingualism and biculturalism and to do it not grudgingly or of necessity, for the Lord loveth a cheerful giver. I couldn't believe in that more strongly than I do, and the only reason I have not emphasized it in what I have been saying this afternoon is that it has already been so adequately dealt with by others better qualified, and also because I think it ought to be taken for granted in any discussion of this subject.

• (1530)

And I conclude simply with this, that one thing that has frightened me in much of the discussion which has taken place has been the extraordinary emphasis all across the country—well, very nearly all across the country—on provincialism and the extent to which people, particularly the western provinces—Alberta and British Columbia perhaps, if I could judge from some observations I made there last fall—seem to consider the central government and Parliament as, "Oh, well, yes, minor conveniences which we ought to have. Yes, of course, it's nice to have running water in the house, but we could get along without it. A pump out in the garden would really do. The province is what really counts. The central government—well, it is a bit of a convenience and there are a few little things it can do which would be rather hard for the provinces to do separately." This alarms me. There seems to be a decline in the feeling for Canada—a feeling which I thought was strong in most of the population, and I think was strong in most of the population a few years ago. This frightens me. I hope that there will be a concerted effort all the way through the discussion of this subject by those who do not believe in the separation of Quebec—a concerted effort to emphasize the importance of the concept of Canada, to emphasize the glories of our history, the greatness of our destiny, the magnificent future which surely awaits us if we can manage to use our heads and our hearts—our hearts in union with our heads.

The Toronto *Globe and Mail* some weeks ago had an article by two economists on the economic costs of decentralization, and the kind of decentralization they thought of, and based their calculations on, was a decentralization which would have given us 10 mini-states with 10 tariffs and 10 banking policies, among other things. Then they said, "Well, of course, the central authority would have to have the power to act as a referee on these tariff and banking matters—monetary matters." I asked a question in the correspondence columns of the *Globe and Mail* a few days later as to what exactly the powers of the referee would be. It didn't seem to be very easy to define them, and I wound up by saying I found it difficult to believe that many people would leap to their feet to sing:

O Canada! Beloved referee!
Of customs dues and banking policy.
With glowing hearts we've seen arise,

Ten norths nor strong nor free;
But we stand on guard, O Canada,
To keep our referee.
O Canada, pale, shadowy,
O Canada! Be still our referee.
O Canada! Long live our referee.

And I said, of course, though it might inspire little enthusiasm, this gossamer, this shadowy, this cobweb central authority could also have a distinctive flag—10 jackasses eating the leaves off one maple tree.

The Hon. the Speaker: As no other senator wishes to participate in the debate, this inquiry is considered as having been debated.

The Senate adjourned until Monday, March 28, at 8 p.m.

THE SENATE

Monday, March 28, 1977

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL NO. 2, 1977

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-45, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Senator Langlois: With leave of the Senate, later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of the Central Mortgage and Housing Corporation, together with a statement of accounts certified by the Auditors, for the year ended December 31, 1976, pursuant to section 33 of the Central Mortgage and Housing Corporation Act, Chapter C-16, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report on the administration of the Members of Parliament Retiring Allowance Act for the fiscal year ended March 31, 1976, pursuant to section 35 of the said Act, Chapter 25 (1st Supplement), R.S.C., 1970.

OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING

Senator Norrie moved third reading of Bill C-35, to amend the Old Age Security Act.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 1, 1977

CONSIDERATION IN COMMITTEE OF THE WHOLE

Pursuant an Order of the Day, the Senate was adjourned during pleasure and put into Committee of the Whole on Bill C-44, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977, the Honourable Senator Macnaughton, P.C., in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Robert Andras, P.C., President of the Treasury Board, was escorted to a seat in the Senate Chamber.

• (2010)

The Chairman: Honourable senators, the Senate is in Committee of the Whole on Bill C-44, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977."

Shall discussion of the title of the bill be postponed?

Hon. Senators: Agreed.

The Chairman: Clause 1. Shall clause 1 carry?

Senator Flynn: Honourable senators, while we are considering clause 1, I believe it would be in order for me and those on this side of the house to congratulate, first, the acting leader. His flexibility in having agreed that this bill be referred to Committee of the Whole, if not to a standing committee of the Senate, is laudable and a considerable improvement. I am not of the opinion that we should in all circumstances refer bills of this nature to the Committee of the Whole or to a standing committee. However, I believe that the principle had to be affirmed and I am pleased that after fighting for many years I seem to have convinced the acting leader of the value and propriety of this procedure.

Secondly, I wish to welcome the President of the Treasury Board. We are very pleased to have him and his officials with us tonight to answer questions on this bill. He may find it so interesting here as to want to join us permanently.

Hon. Senators: Hear, hear.

The Chairman: Clause 1. Shall clause 1 carry?

Senator Grosart: May I ask one question Mr. Chairman, with respect to clause 1, which identifies the bill as Appropriation Act No. 1, 1977? May I ask the minister if it is the intention in the near future to change this type of designation from Appropriation Act No. 1, 1977, to Appropriation Act dealing with 1976?

Senator Flynn: 1976-77.

Senator Grosart: Yes, 1976-77; it is always very confusing.

Hon. Mr. Andras: Senator, I am told for the first time that it has been the practice for a very long time that the appropriation acts are numbered according to their chronological appearance in the calendar year. This is my first exposure to

that, as a matter of fact, and I would be inclined to agree that since it is a matter dealing with the fiscal year 1976-77 it is not the best of titles. Perhaps, jointly, we can make some recommendations.

Senator Flynn: I should inform the minister that this problem has been discussed several times in this place. In my opinion it is confusing to base the title on the calendar year rather than on the fiscal year. If anything could be done with respect to that, it would be very helpful.

The Chairman: Shall clause 1 carry?

Hon. Senators: Carried.

The Chairman: Clause 2. Shall clause 2 carry?

Senator Grosart: Mr. Chairman, there are some questions in connection with this bill that would not necessarily arise out of a clause-by-clause examination. That being so, I wonder if we might be allowed to ask some general questions respecting the fact that this bill, in its present form, has not been considered by the Standing Senate Committee on National Finance. As a result of the amendments that have been made to the bill, there are certain fairly broad policy questions that the minister might wish to speak to.

The Chairman: Honourable senators have heard the request. In my opinion, so long as these questions do not relate to matters of policy but, rather, to matters of detail, then this would be an appropriate time to put them.

Senator Grosart: Mr. Chairman, I am not quite sure what you mean when you distinguish between a question of policy and a question of detail. Surely in Committee of the Whole, given the presence of the minister, the most likely questions to be asked are policy questions.

My first question arises out of the fact that two amendments were made to the bill subsequent to its being reported upon by our committee. I am sure the minister is aware that it has been the practice—a practice which is certainly convention, and perhaps almost the rule—in this place that we do not consider appropriation bills unless they have been reported on by the Standing Senate Committee on National Finance. I make that point because this bill, as it is presently before us, has not been reported on by that committee.

The minister, I am sure, is well aware of the background of the amendments. While it would, perhaps, not be appropriate—and I certainly do not intend to do so—to debate a ruling of the Speaker of the other place, nevertheless it was a ruling in the other place that brought about a very fundamental change in the bill.

As I said the other day, the Speaker of the other place referred to this as a fundamental matter. It was not simply a matter of procedure; it was fundamental to the whole relation of the estimates to an appropriation bill, and all bills which might be described as pure or strict legislation and appropriation bills.

I think it is appropriate to say that the reason for the amended bill was a ruling—and I am trying to be very careful with my language now—that amendments proposed in an appropriation bill be set aside because they were clearly amendments to other legislation. Treasury Board itself has identified some seven votes which constitute amendments to current legislation. It is the decision of Treasury Board that they are amendments. Two of them were set aside by the amendments that have been made to the bill.

I would therefore ask the minister if it is the intention in the future not to present amendments to other legislation through appropriation bills.

Hon. Mr. Andras: I do not think I am in a position to give that guarantee, senator, in the broad sense that you are asking for it—and I do not imagine you are asking for the first time. I am not sure whether we can even discuss the ruling in the other place, but I am told that it was accompanied by the comment that the ruling in question was not to be taken as precedent.

By way of general comment, I would say that wherever it is possible, the government would prefer to proceed with due recognition of the need for Parliament, both houses, to give full examination where there are significant policy implications.

As I said in the House of Commons, fundamental to all of this is the need to examine our procedures in much more detail and much more depth. It is not just a question of $1 items. Rather, it is a question of our procedures and what is involved in getting action taken while striking a balance between being able to govern and allowing the parliamentary process, the democratic process, to have full sway.

Senator Grosart: I have two questions arising out of the answer the minister has just given. In one instance the minister said that in the ruling given in the other place the Speaker said that it should not be taken as a precedent. I would hope that the minister would not infer from that that the Speaker had any doubt about his ruling. He said that ten cases had been presented to him, six were on the point of order raised, and he was only ruling on two which were clearly identified in his mind, and by the language in the bill, as being amendments to legislation. So, to suggest that the Speaker had any doubt about his ruling is to read something into his statement that is not there. Obviously, he was saying, "I am not ruling on the other eight, but it should not be assumed, because I have selected two and ruled on two, that I am agreeing that the other four, six or eight—depending on which objections are taken—are in order." That is obviously what the Speaker meant when he said that his ruling was not to be taken as a precedent.

Perhaps I could also ask the minister, because he referred to $1 items, if the fact that the ruling also said very clearly that it was not limited to $1 items will be taken into account in any policy decision. The ruling made it very clear that the objection was to any kind of an amendment to other legislation in an appropriation bill. I am asking the minister if he is assuming that the policy question—and I assume he must decide as President of the Treasury Board—is not limited to $1 items in this context.

Senator Langlois: Honourable senators, if I may interject at this time, I am afraid that if we pursue this discussion we will be infringing the rules of this house by discussing a ruling of the Speaker of the other place, which would be quite improper. I am very interested in the discussion, but I do not think it is proper to carry on with it. We are asking the minister to interpret a ruling of the Speaker of the other place, and some are assuming that the ruling means such and such, and I do not think we are allowed to do that. I do not want to interrupt Senator Grosart, but I do not think we should be discussing this ruling in this place at this time.

Senator Grosart: Since this is a point of order, perhaps I can reply. I thought I made it very clear that we were discussing the amendments. There are two amendments before us, and in discussing these amendments surely we must ask the minister to indicate why the amendments were made, and whether they were made on the initiative of the Treasury Board. In effect, the Treasury Board amended the bill. Surely, Mr. Chairman, it is in order to ask why, and to discuss the reasons behind those amendments. It is the first time in many, many years that an appropriation bill has come to us with such amendments.

I agree with the acting leader that to enter into a discussion as to whether the ruling is correct or incorrect would be out of order, but surely it is not out of order to ask the minister to tell us what is behind the amendments that he himself has put before us.

Senator Flynn: I would add, honourable senators, especially since the matter raised by Senator Grosart was dealt with by the Standing Senate Committee on National Finance, that we objected to that and asked that the Treasury Board look into this question. I think this is our first opportunity, and our best opportunity, to ask the minister to state what his policy is, and what his attitude is, with regard to the insertion of these $1 items. The decision of the Speaker of the other house merely reinforces the viewpoint expressed by our own committee.

Hon. Mr. Andras: Senator, I would say it was a very important reinforcing, and was really the cause of the deletion. Therefore, the amendments were the result of the Speaker's ruling. But I think, with respect, I already attempted to say this in my earlier response to Senator Grosart.

Senator Flynn: With some hesitation.

Hon. Mr. Andras: I think I made my statement with some reservations.

Senator Forsey: Mr. Chairman, if I may ask a supplementary—I am afraid of the thing getting past this point and I want to ask a supplementary to the question that Senator Grosart raised. Surely the minister can give us—what was the term used?—a guarantee not to do again what the Speaker ruled out of order in the other place.

● (2020)

Hon. Mr. Andras: With the greatest of respect, Senator Forsey, I would find some difficulty in giving such a guarantee, because that would immediately lead me to reflect upon the ruling of the Speaker of the House of Commons, and I do not think I can do that.

Senator Forsey: Oh, well—

Hon. Mr. Andras: Well, it is a very circuitous problem, and, based on my own feelings about it, which is all I can convey, I would have that hesitation. One has to examine each of these, and the precedents behind it. For one thing, I have not had an opportunity to digest fully the reasoning behind the ruling, which I do not question, of course.

Senator Grosart: Again, I should like to ask the minister, no matter what reluctance he may have to answering Senator Forsey's question, whether he can answer the question as to the relationship between the five clearly designated amendments which are still in the bill, and the two which the Treasury Board itself took out because of the Speaker's ruling. There are five left. I can read them to the minister, but I am sure he knows what they are. The Treasury Board, in the statement it gave in Appendix I to its presentation, which appears in the proceedings of the National Finance Committee for March 9 at page 11:7, said that seven of these items amend legislation. The Speaker ruled on two, and those two have become the subject of amendments to the bill before us. So I am asking the minister if it would be the intention in the future to treat those other five in exactly the same way.

Hon. Mr. Andras: Well, senator—

Senator McDonald: Time will tell.

Hon. Mr. Andras: Yes, time will tell. There seems to be some confusion—at least, in my mind. Treasury Board did not amend this bill. These items were ruled out as a result of the proceedings in the other house. They were ruled out. Had they not been ruled out, I should probably be scolded here because they would have been in the bill before you now.

Senator Grosart: They were set aside.

The Chairman: Honourable senators, may I try to throw a little light on this question. Rule 34A of the *Rules of the Senate* states:

> The content of a speech made in the House of Commons in the current session may be summarized, but it is out of order to quote from such a speech unless it be a speech of a Minister of the Crown in relation to government policy. A Senator may always quote from a speech made in a previous session.

I have tried to be as generous as possible with my honourable friend, because clause 2 deals with $493,648,110. One could almost consider that the particular section.

I am just trying to give the minister a little time, if he wishes to answer. This may be the first time he has considered this.

Senator Grosart: That is hard to believe.

The Chairman: Perhaps he has an answer—if so, that is fine; if not, we can proceed.

Senator Grosart: Mr. Chairman, with all respect to what I take was a comment and not a ruling, I have been very careful

not to quote the Speaker in the other place. I have not quoted him once since this committee meeting began. I have summarized, which is exactly what our rules permit us to do.

The Chairman: The Honourable Leader of the Opposition.

Senator Flynn: If I may, I should like to leave this question aside, honourable senators, because I am sure we will not be able to get either a more definite or clearer answer from the minister. I do not wish to refer to the estimates, since they were dealt with in committee. But in his speech the other night, the sponsor, the acting leader, tried to correct or to clarify—and I do not think he achieved his purpose—the question of the item of $396 million for transfer payments to the provinces. If he would, I should like the minister to enlighten us on this matter.

In committee, my understanding from Mr. MacDonald of the Treasury Board was that this considerable amount was not an underestimation of the amount payable to the provinces. Rather, it resulted from the fact that a certain set of standards had been changed over the last year, the final year, of the present legislation governing federal-provincial fiscal relations, a change either in the regulations or the method of calculation. Up to that point the provinces had been able to count on a formula with which they had lived, which was all they could do under the fiscal legislation. That was changed in order to try to save $396 million. But when the provinces objected, they did not go back to either the regulations or the formula.

● (2030)

The Acting Leader of the Government the other day—I am sorry I was not present—tried to explain that it was not the same kind of formula, and that there were always new discussions or negotiations each year under the legislation. This brings up another question that is more important: Are there negotiations each year under the legislation which is applicable? It would be a rather peculiar situation if you had to renegotiate each year during the five-year term in which the legislation was supposed to apply and still end up with this huge difference of $396 million. I hope that the minister will be able to explain exactly what happened, why it was that the federal government thought it could save $396 million when finally it ended up having to pay it out to the provinces.

Whether it be by regulation or a formula, I do not care, but whether we have this leeway under the legislation is something that is very important since we shall soon have to consider new legislation which will apply for the next five years. I am wondering whether the new legislation, like that which is about to expire, will afford the federal government the kind of latitude in calculation, and negotiation, which will result in such huge differences in the amounts thought due. I wonder and worry about this because it can't help but lead to further confrontation between Ottawa and the provinces.

Senator Connolly (Ottawa West): May I ask the Leader of the Opposition, before the minister replies, whether the item he is discussing is in the schedule to the bill or in the bill itself. Would he indicate where it is?

Senator Flynn: It is in the schedule. Clause 2 of the bill refers to the schedule. It is $396 million.

The Chairman: Supplementary estimates (B), I think.

Senator Flynn: It is in the schedule. There is no doubt about that, because we discussed it.

Senator Langlois: I am afraid the Leader of the Opposition is looking in vain. This is a statutory item. It is not in the estimates—

Senator Flynn: It is in the total amount. It is encompassed in the total amount.

Senator Langlois: You will not find it there.

Senator Flynn: If we cannot find it in the bill, then we will find it in the speech of the Acting Leader of the Government the other night, because he specifically referred to it. Honourable senators will have to read the acting leader's speech. It is probably clearer than the bill itself anyway.

Senator Phillips: You will need better authority than that.

Senator Flynn: Well, I do not know. If I have no other authority, that becomes the best.

The Chairman: Honourable senators, I do not have the speech in front of me, and I do not propose to read it. We might be here all night.

Shall clause 2 carry?

Senator Flynn: No, certainly not. I would ask the Chairman to be patient with us, if he wants us to be patient with him. I have put a question. I would like to have an answer.

Senator Connolly (Ottawa West): Perhaps, when the minister is answering, he can clarify the point that we do not seem to have had clarified yet, namely, where this figure of $396 million actually arises. Perhaps it was referred to in the speech made by the Acting Deputy Leader of the Government, but that is scarcely the authentic place to look for a figure of this magnitude. I would think, as the acting leader said, it might very well be a statutory item; if so, then is it covered by the $493 million plus that is to be voted through this bill?

Senator Flynn: The report of the Standing Senate Committee on National Finance deals with the item of $396 million as being the most important transfer payment to the provinces. You can find the question under discussion at page 11:17 of issue No. 11 of the committee's proceedings. In the report of the committee you will see a reference to this item as being the most important one.

Senator Langlois: Mr. Chairman, if I may comment on this matter, I should like to say that I do not challenge what the Leader of the Opposition has just said. This item was discussed in committee, but it is not shown in the estimates as a separate item. That is all I said, and I mentioned that figure because Senator Flynn had mentioned it himself in his speech. He indicated that this was apparently a trick played on the provinces—he used that expression, at any rate—but I had information to the effect that this was not a trick at all. I think

I supplied the information but this will not be found as a separate item in supplementary estimates (D).

Senator Flynn: Even if it is not, it is included in the total amount we are called upon to vote.

Senator Langlois: It is not in Bill C-44, either.

Senator Flynn: Have you changed the amount? The report on supplementary estimates (D) asks for $930 million, out of which $396 million is for transfer payments to the provinces. Do you say that this bill now does not ask for that?

Senator Langlois: In the total, yes, but not as a separate item.

Senator Flynn: If it is in the total, then it is very proper for me to ask the question of the minister, and I do not see why he should not be able to reply to it.

Senator Langlois: You may reply to it, if you want.

Senator Grosart: Particularly, Mr. Chairman, since we are dealing with clause 2, which clearly refers to the amount set forth as the total amount of the supplementary items. Clause 2 definitely brings this matter in, and that is the clause we are dealing with.

Hon. Mr. Andras: Honourable senators, I will leave the procedural battle to others who are much more professional at it than I am. Meanwhile, I will do my best to give some explanation as to the inherent question of the amount and how it was arrived at.

When this payment authority was established in regulations, there was set up for forecasting purposes an econometric model to calculate the amounts. Then, five years later, there was available, of course, the actual experience. We then had actual amounts experienced as opposed to the forecast of the econometric model which was in the regulations.

Senator Flynn: The regulations under the act?

Hon. Mr. Andras: Yes. These dealt with a forecasting requirement which was based on, as I call it, this model. Finally, in the end, as you realize, this was reaching a stage of unprecedented negotiation for fiscal transfers under the program changes negotiated, I believe, in December.

The econometric model forecasting is built into the regulations, with a higher amount in terms of advantage to the provinces. The two amounts were discussed, and there was a great deal of negotiating going on which was complicated by the adjustments to the tax points that were also part of that major negotiation related to the same package. So there was no deception. There was no error in that sense. There was certainly a difference between the econometric model amounts and the actual costs, as illustrated by experience, but all this was discussed and negotiated between the finance ministers, and, as I recall, between the first ministers, in the final analysis, to arrive at a difficulty but, I understand, satisfactorily negotiated package on behalf of the provinces. One or two said they thought they should have done better; others, I think, when they got home from the bank, were quietly smiling. There certainly was not any deception in it whatsoever.

• (2040)

Senator Flynn: In any event, I understood the hope of the federal government was to pay $396 million less. In the end, it had to pay $396 million more.

Hon. Mr. Andras: No, as President of the Treasury Board, I am always encouraging my colleagues to get by with less than whatever they think they need. We did not go in there with any deliberate intent. There were two different sets of figures. Then, with the complexity of the negotiations on the tax points, at the end another set of figures was put on the table. To sum it up, if I recall correctly, for 1977-78 government expenditure, as a result of all of this negotiation, will be reduced by some $975 million. Before anybody leaps to a conclusion, between there and the tax point exchange the provinces have got about $1.4 billion. I would like to be on the receiving end of that kind of a deal any time.

Senator Flynn: Will that problem continue with the new legislation that is before us?

Hon. Mr. Andras: No. I took licence and gave the honourable senator a little more information than perhaps I was strictly called upon to give, and for which I hope I will not be chastised.

Senator Grosart: I suggest we stand clause 2, Mr. Chairman, because if the committee, in its wisdom, decides later on to make an amendment to one of the other clauses, we are going to be put in the position of having already approved the payment of the vote items here. I think we should stand it until we decide what we are going to do with the other clauses.

Hon. Senators: Agreed.

The Chairman: Clause 3.

Senator Flynn: Not on clause 3, no.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Clause 4.

Senator Flynn: On clause 4, Mr. Chairman, I should like the minister to explain exactly what the practical effect of this clause is. I have been wondering for a long time not only about supplementary estimates, but also about main estimates and interim supply—what authority is given under this act to the government? We are four days away from March 31. Let us say that this bill receives royal assent on March 31. It will mean that these items may be paid in the next 30 days, I understand, before April 30. That must mean that all of these amounts are already committed. That is the first question I would like the minister to answer. Are they already committed?

Did the minister hear my question? My first question was: Are not all these amounts already committed? There are only four days left. What would be the position of the government with regard to the people to whom commitments have been made if the bill were defeated?

Senator Croll: You will not get that cheque at the end of the month; that's all.

Senator Flynn: I am not worried; because there is no commitment to me.

Hon. Mr. Andras: I think the horrible answer is obvious. The government would have outstanding bills which it would not be able to pay. That is, of course, not unprecedented in terms of supplementary estimate amounts or timing. The particular clause to which the honourable senator referred, I am told, is a standard clause that is contained in all such bills. It does not have any specific effect on the results in terms of moneys appropriated here. I am referring to clause 4, with respect to which he asked the question. There would be great embarrassment if we did not have authority to honour the commitments that have been made in the amounts referred to in this bill.

Senator Flynn: I am very curious because I can understand the difficulties. I can understand the practical solution you have to adopt. But suppose the bill is defeated and the Prime Minister calls a general election, could you get Governor General's warrants for these items?

Hon. Mr. Andras: Yes, that is correct. But those, too, would ultimately have to be approved.

Senator Flynn: Even if Parliament had refused to pass the bill?

Hon. Mr. Andras: Yes, I believe that is correct. We would get Governor General's warrants.

Senator Flynn: What are we doing here?

Hon. Mr. Andras: I have often wondered what I am doing here.

Senator Grosart: May I ask the minister if any of this money has been spent? The Leader of the Opposition asked whether the amounts were committed. Has any of this money been spent?

Hon. Mr. Andras: The items that would have been provided for a contingency vote authorized in prior main or supplementary estimates, and which are now being transferred for information purposes into appropriations here, not only could have been but most likely have been spent. There was authority, in a general sense, out of a contingency fund. Now they are tidying them up in terms of their exact purpose.

Senator Grosart: Is the minister saying that expenditures have been made that were not authorized by Parliament, and he is relying on a contingency fund? Is that what the minister is saying?

Hon. Mr. Andras: No, that is not what I am saying. I am saying, senator, in response to your question as to whether any of this money has been spent, that the answer is yes. The authority for that spending was the allocation of money from a contingency fund, authorized at some previous stage but which is now being clearly indentified as to its purpose.

Senator Grosart: Is the minister saying that there was a contingency fund of some $490 million?

Hon. Mr. Andras: No, I am answering the honourable senator's question. That is the sum that could have been and, in fact, probably was spent.

Senator Grosart: Could the minister give us an indication of what percentage that is of the total? The reason I ask the question is that it would be interesting to know what percentage of this $493 million of votes is going to be spent in the next month.

Hon. Mr. Andras: In round figures, senator, about $34 million. That is the temporary allotment from vote 5, which is a contingency vote previously authorized by Parliament.

Senator Flynn: I have a supplementary question. What about the items which are statutory? Does the government send out cheques before it gets the approval of Parliament?

Senator Grosart: They do not have to be voted.

Hon. Mr. Andras: The statutory amounts carry full authority by virtue of the statutes which contains reference to them, and they are included in the supplementary estimates as a matter of information, not for seeking further appropriation.

Senator Flynn: It is a matter of appropriation only. Thank you.

● (2050)

Senator Grosart: I wonder if the minister would explain the significance of this sentence in clause 4(1):

> Where an item in the Estimates referred to in section 2 purports to confer authority to enter into commitments up to an amount stated therein or increases the amount up to which commitments may be entered into under any other Act or where a commitment—

And so on. Has this been relied on as the authority to increase the actual expenditures by $1 or other votes in the appropriation bill?

Hon. Mr. Andras: The answer is no.

The Chairman: Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Clause 5. Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Clause 6.

Senator Grosart: Mr. Minister, one of the reasons very often given for the urgency with which we are asked to pass these appropriation bills, coming up to a deadline such as we are approaching now—and it is the reason given on this occasion—has been that we had to get the bill passed because it took several days to get the cheques out. Could the minister give us some indication about the time schedule requiring a bill to be passed by Parliament several days before the deadline? That question leads to another. If the bill has to be passed with this urgency, why is it not possible for the govern-

ment to bring in these bills in time to give proper consideration to them?

Hon. Mr. Andras: With respect, I do not think that reason for urgency would apply to this bill. The interim supply bill, Bill C-45, affects the authority to send out cheques.

Senator Flynn: Will you come back for that one?

Senator Buckwold: Do you like the minister that much?

Hon. Mr. Andras: This bill is required because of the close of the fiscal year, not because of an urgency to get out the cheques.

Senator Grosart: I agree, but I ask the question because in this case there is an extra month allowed after the end of the year to pay the bills. Cannot something similar be done with such bills in future so that we are not faced with this situation?

Hon. Mr. Andras: Of course, it would be more justifiably convenient for both houses to be able to deal with the matter earlier, but it concerns the final supplementaries, and for very practical and sound reasons it has to wait until almost the last moment to close off our final requirements so that we complete the fiscal year. We could argue about a few days, but I very much doubt whether you could get it very far in advance of the time we have. I have not looked at previous years, but I suspect they would be the same. It is a little different with the interim supply bill.

Senator Flynn: We will question you about that when we deal with Bill C-45. I hope the minister will want to come back for that.

The Chairman: Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Clause 7. Shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: We now revert to clause 2, which we stood.

Senator Grosart: Are we going to deal with the schedule? These are the actual votes, the amounts we are asked to pass.

The Chairman: I suggest we try to finish clause 2.

Senator Grosart: My point in suggesting that clause 2 should be stood now is that if the committee, when dealing with the actual votes, decided in its wisdom to recommend that one of these votes should not pass, if we have passed clause 2 we would be in the position of having voted the amount and subsequently saying that we are not going to vote it. That is why I suggest we should stand clause 2 until we have gone through the schedule.

The Chairman: I am not trying to enforce anything; this is merely a comment at the moment. It seems to me that it would be better procedure to get rid of clause 2, which I understand incorporates the schedule.

Senator Grosart: But then we will have passed all the votes and there would be no sense in looking at the schedule.

Senator Flynn: I would draw the attention of the chairman and the Senate to the problem that I think Senator Grosart is indicating. Earlier Senator Hicks said he would like to vote against any amount going to the CBC. He was wondering if this could be done and I said I would tell him the way to do it. I suggest the way to do it is by voting against the item in the schedule concerning the CBC. Then, of course, we will have to amend clause 2 to reduce the total amount by the amount we have voted against. This is why I think Senator Grosart's suggestion is most reasonable and logical. I am sorry that Senator Hicks is not here tonight. He has missed a very interesting opportunity.

Senator McDonald: Is not the proper procedure to ask at this time, "Shall the schedule carry?"

Senator Flynn: Yes.

Senator McDonald: If there is a question on the schedule it can then be taken up. I do not think it would be in order to take the schedule item by item.

Senator Flynn: We did not ask that. Anybody could move an amendment to the schedule.

The Chairman: Honourable senators, in order to assist everyone here, since our purpose is to get as many facts as we can—we know about the urgency of the bill, but that should count only to a lesser degree—I will call the schedule. Shall the schedule pass?

Senator Grosart: There are some questions I should like to ask about the schedule. They concern specifically the votes I referred to earlier, which are: vote 15d under Agriculture; vote L45d under Energy, Mines and Resources; vote 30d under External Affairs; vote 50d under National Health and Welfare; vote 85d under Secretary of State; vote L11d under Supply and Services; and vote 40d under Transport. These are the votes that the Treasury Board itself has designated as clearly amending existing legislation.

Senator Benidickson: How many items?

Senator Grosart: Seven are identified here. Six were the subject of the point of order raised in the other place. Ten were brought to the attention of the Honourable the Speaker in the other place. I am limiting my discussion tonight to the seven that were identified by Treasury Board itself as clearly amending legislation. My suggestion is that if no other senator wishes to question any of the items, Mr. Chairman, you might call these, and then I would ask my questions. I do not think it will take long.

The Chairman: I was waiting to see if the minister had any comments to make.

• (2100)

Hon. Mr. Andras: Senator Grosart, I am informed that all the items to which you refer in supplementary estimates (D) are, in fact, amendments to previous appropriation acts, which are totally legitimate.

Senator Forsey: That doesn't make them any better.

Senator Grosart: If I may say, Mr. Chairman, to the minister, that is exactly the answer I expected and hoped for, because I am now going to ask him what would be the difference between an amendment to a former appropriation act and an amendment to an act which was not an appropriation act in view of—if I may put it this way—the changed rules of the ball game in the other place, if not here? What would be the policy difference between the presentation of an appropriation bill, which I believe makes it a proper question, by the President of the Treasury Board?

Hon. Mr. Andras: I regret the delay, senator; I honestly must have misinterpreted or misunderstood the question. I really do not see the purport of it. I do not see the policy implication. I am not attempting to evade it, but I really do not understand it.

Senator Grosart: I was trying to put it in the form of a question. I am afraid to explain it, as I cannot put my explanation in the form of the question. My point is that we have been told over and over again and this is, in effect, the rationale just given, that these were amendments only to former appropriation acts. We have been told over and over again that an appropriation act is an act of Parliament. About that there is no question. On the other hand, what is the position if there is an amendment to an appropriation act where the appropriation act itself has amended other legislation, or has improperly legislated under the new interpretation of the Standing Orders of the House? The reason I ask this is that this may cause the officials of the Treasury Board, if they wish to go into it in depth, a great deal of trouble, assuming that the policy of the Treasury Board is to accept the reasons behind the deletion or setting aside of these two items, which are amendments to the bill. Now, with respect, I say that they are amendments to the bill. The government has amended the bill by bringing it to us in this way. The Speaker has set them aside, but the effect is to amend the bill. It is not the same bill that came before us. I repeat, if that is accepted as government policy then it is not within the competence of the other place to amend the legislation in the non-appropriation-act sense. What happens to all the appropriation bills which have been beyond what would now be regarded as the competence of the House of Commons? In other words, you cannot go on forever saying you will amend it because it is only an appropriation bill as long as we have an acceptance of this new concept that it is not within the competence of the House of Commons to amend an act of Parliament in an appropriation bill.

Hon. Mr. Andras: I am really at a loss to respond, Senator Grosart, because returning to our previous exchange there has been placed on the record here one interpretation of the Speaker's ruling which may not be the same interpretation as may be placed upon it by others. I certainly do not intend to get into a discussion on that, because I would be very much out of order to go further in commenting on the Speaker's ruling. However, to make a statement, I do not see where the question of the illegitimacy of the previous appropriation acts comes into the picture, because they have been approved. Those amendments to the appropriation acts, which then themselves are acts, have not been ruled out of order and I do not know where the illegitimacy to which the honourable senator has referred comes into play. We are not here amending an amendment which was ruled out of order in any place, so far as I know. It becomes very convoluted, but if I follow the senator correctly I believe he is dealing with a rather hypothetical case, because I do not think anything has to be amended here that has not been approved on some occasion in the past by Parliament.

Senator Grosart: Perhaps again I have not made myself clear. I agree entirely with what the minister has just said, that any appropriation act, no matter what it did in the past, no matter how wrong or improper it was, is now the law. This is an act which has been passed by Parliament. However, I was suggesting that in its wisdom the Treasury Board may wish to ask if it makes sense to go on amending an appropriation act, which, in effect, set up Loto Canada or CIDA, or which actually established a crown corporation. This is a situation we face in this bill and I am suggesting that it makes no sense to go on just amending appropriation acts. I suggest to the minister that there is a very definite responsibility on the government to proceed to tidy up that situation by introducing legislative action where an enactment in the sense of the ruling in the other place has been made by providing that these should be set up under a "regular" act of Parliament.

Hon. Mr. Andras: Senator, I believe what has been presented to me is that there should be a change in presenting this type of items, be they $1 items or others. In any case, where they have related to a previous appropriation act or amendment thereto which has become part thereof I do not see the illegitimacy. However, I think through it all the senator is saying that he would like to see us get away from this type of item. I go back, then, to my very first answer: I believe that is really rooted in some fundamental changes in procedures, at least on our side of the operation.

Senator Grosart: The whole point of my discussion has been, hopefully, to bring about some fundamental changes on your side of the operation.

Hon. Mr. Andras: When I say "our side of the operation," senator, I am referring to the other place, not the government.

Senator Grosart: I was referring to both.

Senator Flynn: I should like to hear the minister with respect to one aspect of the question posed by Senator Grosart. Let us say that some of the provisions of the estimates were not being taken off, such as the authority to pay remuneration to the member of the National Design Council. Let us say it were being included in this bill. What would have been the effect of the passage of this bill? Would it be only for the current fiscal year? Can you really amend an act in a permanent manner with a bill whose main clause—clause 2 in this case—provides that "from and out of the Consolidated Revenue Fund" you are authorized to spend so many million dollars for the fiscal year 1976-77? How could you amend in a permanent fashion legislation through a bill which only grants supply for the current fiscal year?

• (2110)

Hon. Mr. Andras: To my knowledge, this has been done for decades.

Senator Flynn: But what was the effect?

Hon. Mr. Andras: It is permanent in terms of the purpose of the authorized vote.

Senator Flynn: I am not so much concerned with the amount as I am with the authority. The authority is permanent, is it?

Hon. Mr. Andras: Unless otherwise stated in an amending vote under a supplementary estimate. It could be described as having an expiry date, in which case it would, but in other cases it would be a permanent authority unless rescinded by a subsequent amendment. To give you some indication of the precedent for that principle, since 1969, through $1 items, the other place has raised statutory financial limits affecting the Freshwater Fish Marketing Act, the National Housing Act, the Fitness and Amateur Sport Act, the Canadian Film Development Corporation Act, the Canada Student Loans Act, the Canadian Dairy Commission Act, the Cape Breton Development Corporation Act and the Saltfish Act.

Whether or not one accepts that as proper practice in one's own mind, the authority and precedent is established through its actual acceptance by Parliament.

Senator Flynn: But it has never been challenged, to your knowledge?

Hon. Mr. Andras: It has certainly been discussed.

Senator Flynn: But has it been challenged before the courts?

Hon. Mr. Andras: I do not believe so.

Senator Flynn: Are amendments by way of supply bills included in the revised statutes?

Hon. Mr. Andras: Yes, they are.

Senator Flynn: I would be interested in seeing how that is done. It is a most fascinating subject.

Hon. Mr. Andras: The specific authorities to which I referred by way of example of actual acts being amended would be contained in the revised statutes. I am also told that, to our knowledge, there has not been a challenge in the courts on this point.

Senator Flynn: It is interesting, because such amendments contained in supply bills are not properly worded. They simply amend to a certain extent. I would be interested in knowing how the amendment regarding the renumeration of the members of the National Design Council would have been worded had it not been deleted. That amendment would require the addition of a section to the act, whereas the supplementary estimates simply refer to such an amendment through a "notwithstanding" clause. How are such amendments then incorporated in the revised statutes, or a consolidation?

Senator Forsey: The minister says it is established practice. I suggest it is high time it was disestablished.

Hon. Mr. Andras: I am sorry, I missed Senator Forsey's question.

Senator Flynn: He will repeat it.

Hon. Mr. Andras: You have a point, Senator Flynn. Some of these, as evidenced by the wording, would obviously not be of sufficient continuing significance or continuing authority as to be incorporated. Others most certainly would. They would be carried as an outstanding and significant item in the revised statutes. It would depend very much on the nature of the amendment contained in the supplementary estimates.

I am sorry, I did not get Senator Forsey's question.

Senator Forsey: I am afraid it was not a question. It was merely an irate comment.

Hon. Mr. Andras: I am sorry I missed it.

The Chairman: Senator Grosart.

Senator Grosart: Mr. Chairman, in view of the general answer that the minister has given on the votes that I listed, that they are—as I knew—all amendments to appropriation acts, I would be satisfied to accept that answer for all of them if the minister could now, or at a later time, provide us with a list of the amendments to legislation other than appropriation acts that appear in the bill before us. To give an example of the type of thing I am talking about, vote 1d on page 10, Post Office, states:

> To extend the purpose of the Post Office Vote 1, *Appropriation Act No. 3, 1976*, to authorize, notwithstanding the *Olympic (1976) Act*—

And, again, on page 15, vote 52d, paragraph (a):

> (a) to deem VIA Rail Canada Inc., a railway company—

Here we have the case of the incorporation of a crown corporation. It goes on to say "pursuant to section 11 of the Railway Act," and one would wonder if it is.

Again, on page 18, vote 45d, Veterans Affairs, employees of certain private companies are, in future, to be "deemed," in spite of another act, to be public servants. There are a number of these provisions.

On page 16, vote L116d is to "deem" $624 million as such and such. Then, of course, there are the "notwithstandings." On page 14, Royal Canadian Mint, which comes under the Department of Supply and Services, vote 27d:

> To authorize, notwithstanding Section 4 of the *Royal Canadian Mint Act* and Sections 4 and 5 of the *Currency and Exchange Act*—

These would seem to me to be clearly amendments to acts other than appropriation acts. Perhaps the minister would undertake to provide the committee, in due course, with a list of those which Treasury Board itself regards as amendments to acts other than appropriation acts.

Hon. Mr. Andras: I will certainly give that undertaking, Senator Grosart. I would point out that we had considered that we had made this information available to the National Finance Committee. If you are indicating that because of the

changes on two items that is not satisfactory, we will certainly provide a further list.

Senator Grosart: The reason is that in the information given to us, unless my reading of it is incorrect, amendments to apppropriation acts are not specifically separated from amendments to other acts in the schedule.

Hon. Mr. Andras: My understanding is that there are two separate schedules. Schedule D deals with amendments to appropriation acts and schedule E deals with the other category. Perhaps that does separate them as the honourable senator requests.

Senator Grosart: Unless my reading is incorrect, it does not specifically state that a given amendment is an amendment to such and such an act, which is the information I wish to have.

Hon. Mr. Andras: I see.

The Chairman: Is there further discussion?

Senator Forsey: Yes, Mr. Chairman—or should I say honourable senators? I am a little uncertain, we do this Committee of the Whole so seldom. Before the schedule passes, I want to reiterate my very strong objection to item 52d on page 15 dealing with VIA Rail Canada Inc., and the item L116d on page 16 dealing with the St. Lawrence Deep Waterway debt.

It seems to me that both of these are highly important, substantive pieces of legislation which simply ought not to appear before Parliament in this form. Under the rules of the other place, as I understand them, there is really very little opportunity, if any, to discuss these things properly, and then they are presented to us here as part of an appropriation bill. It seems to me most improper, and if I could get any support for it I should like to move the deletion of both of these from the schedule, if that is in order. As I said the other day, it seems to me scandalous, iniquitous, outrageous and wholly subversive of parliamentary government that this sort of thing should be done by $1 items in legislation of this kind.

Senator Smith (Colchester): Is Senator Forsey presenting a motion?

The Chairman: Well, he was making a statement. I did not hear any motion.

Senator Forsey: I say if I could get a seconder I would move a motion to delete both those items.

Senator Smith (Colchester): I will second it.

Senator Grosart: What would the motion be?

Senator Forsey: To delete, if that is the proper phraseology, the items, I have mentioned: item 52d on page 15, dealing with VIA Rail Canada Inc., and item L116d on page 16, dealing with the St. Lawrence Deep Waterway.

The Chairman: Would you submit your motion in writing, please, so we can be absolutely certain of the wording? It would assist the Chair to have the motion in writing, which would only take a minute.

Senator Forsey: Very well.

● (2120)

Senator Lang: Mr. Chairman, while we are waiting for that motion, I wonder if I might say something. By this bill, of course, the minister is asking us to approve the expenditure of $493,648,110. I want to congratulate the minister on not having any cents on the end of it.

An Hon. Senator: Not having what on the end of it?

Senator Lang: C-e-n-t-s. In Bill C-45, which I know it is not appropriate to mention now, we are asked to approve "five billion, one hundred and thirteen million, two hundred and eighty-six thousand, seven hundred and ninety-six dollars and forty-two cents."

Mr. Chairman, I have been on the boards of many private and public corporations—and this includes the University of Toronto—which have had to approve expenditures and appropriations, and I have never seen forty-two cents on the end of amounts that great; not even hundreds of dollars. I object to this as being an insult to my intelligence, because it imputes an accuracy to these figures which is not there. I do not mind the minister and his officials coming before us and saying, "We would like $500,000,000," but I do not like their asking for $493,648,110. I do not think there is any degree of accuracy in that at all, but it imputes accuracy. When I see an amount of over $5 billion ending up with 42 cents, then it becomes absolutely ludicrous.

Let us be honest about this. We are not children; we are grown-up and we know how difficult it is to estimate these figures. I say to them, "Come in with a block figure. We do not care whether you are 82 cents out. We are not talking about 82 cents. Let us not have this sort of absolutely fictitious sense of accuracy which you cannot impute to an operation of this size."

I thought I might just take this opportunity, while the minister is appearing in front of us, to appeal to him, and through him to his officials, to be honest with us and not to bother us with 42 cents, or even with $110. We don't care about that. We know there is all sorts of slack in the system, and if you bring us round figures I think we can deal with them a lot more easily and realistically.

Senator Forsey: Mr. Chairman, may I point out that the minister is trying to meet this point because in the text of clause 2 it says, "four hundred and ninety-three million, six hundred and forty-eight thousand, one hundred and eleven dollars," and when you get down to the figures, they end up with $110. It is evidently an attempt to meet Senator Lang's point by showing that there is a leeway of one dollar there.

Hon. Mr. Andras: Mr. Chairman, if I might just respond to Senator Lang, I see his point totally. The peculiarity of an interim appropriation bill is that you have to do it that way, as ridiculous as it may seem, because of the fact that the bill's basic arithmetic is three-twelfths of this, four-sixteenths of that, and six-twelfths of the other, and that kind of thing. The round blocks of figures to which the senator is referring are, in the main, blocks to which these fractions and percentages are

applied to get the interim supply. This always refers to a fraction of the total we have to spend. So it is simply a result of the application of those fractions, and it is not an attempt to suggest that we are that deadly accurate, except that the computer works very well.

Senator Lang: Couldn't we let it go at the nearest $100,000,000?

The Chairman: I have a motion to put.

It has been moved by Senator Forsey, seconded by Sen. Smith (Colchester), that item 52b and item L116d in the Schedule be deleted.

Senator Grosart: What are the pages?

The Chairman: Item 52d, page 15, and item L116d, page 16, in the Schedule. It is moved that they be deleted.

Those in favour?

Senator Grosart: Let us hear from the mover.

The Chairman: Those in favour say "yea".

Some Hon. Senators: Yea.

The Chairman: Those in favour say "nay".

Some Hon. Senators: Nay.

The Chairman: In my opinion, the "nays" have it.

Senator Flynn: You said "those in favour" both times.

The Chairman: On the advice of the honourable Leader of the Opposition, I am going to call that vote over again. Those in favour please rise.

Senator Grosart: But surely you call a voice vote first.

The Chairman: I have already said that in my opinion the "nays" have it.

Senator Flynn: My objection was that you said, "Those in favour will please say 'yea', and then, "Those in favour please say 'nay'." You then said, "The 'nays' have it," and I don't know what that meant.

The Chairman: I stand corrected.

Senator Grosart: The "yeas" and the "nays" have it, so the motion carried.

The Chairman: Let us get this thing settled. In my opinion, the "nays" have it.

Senator Flynn: Very well.

Senator Smith (Colchester): Mr. Chairman, you say the "nays" have it, but the proposition to which you asked us to say "nay" was that the motion should carry.

The Chairman: Are you calling for a standing vote?

Senator Smith (Colchester): Mr. Chairman, with all respect, I am simply calling to get the voice vote straightened out so we can know what it is.

Senator Langlois: Honourable Senators, I don't think we should start a fight over a mere *lapsus linguae*. It was a slip of the tongue; that is all. We all understand that the vote was against it.

The Chairman: Honourable senators will be very lucky if the Chairman does not slip up more often than that. But just to clear on this once and for all, the motion is lost. Is that understood?

Senator Grosart: On division.

The Chairman: Honourable senators, shall the schedule carry?

Some Hon. Senators: Agreed.

Senator Grosart: On division.

The Chairman: Reverting to clause 2, shall clause 2 carry?

Senator Grosart: On division.

Some Hon. Senators: Agreed.

The Chairman: Carried on division.

Shall the title of the bill carry?

Some Hon. Senators: Agreed.

The Chairman: Carried.

Senator Flynn: Mr. Chairman, I just want to say, despite the fact that we have had perhaps a few words that were not entirely necessary, that I think the exercise has been a worthwhile one, and I hope the acting leader will occasionally agree to our doing it again, and give us the pleasure once more of having the President of the Treasury Board with us.

Hon. Senators: Hear, hear.

The Chairman: Shall I report the bill without amendment?

Senator Grosart: On division.

Some Hon. Senators: Agreed.

The Chairman: Motion agreed to on division.

The Hon. the Speaker: The sitting is resumed.

● (2130)

REPORT OF COMMITTEE OF THE WHOLE

Senator Macnaughton: Madam Speaker, the Committee of the Whole, to which was referred Bill C-44, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977, has considered the said bill and has the honour to report the same without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the of the Day for third reading at the next sitting.

Motion agreed to.

APPROPRIATION BILL NO. 2, 1977

SECOND READING—DEBATE ADJOURNED

Hon. Leopold Langlois moved the second reading of Bill C-45, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

He said: Honourable senators, before the Senate met tonight I caused certain tables to be distributed, and I hope you will find them helpful. The first table is entitled: "Interim Supply for April, May and June, 1977." It gives the items of this bill presently before us. The second table is entitled: "Supply, 1977-78, Appropriation Act No. 2, 1977," and it is the resumé of the bill we presently have before us. The third and last table is entitled: "Estimates, 1977-78," which gives separately the items to be voted, the statutory items and the total for budgetary and non-budgetary items. I hope these tables will be of some assistance to honourable senators in their consideration of this bill.

I should now like to deal with the bill itself. The main estimates for 1977-78 on which this bill is based were tabled in the Senate and referred to the Standing Senate Committee on National Finance on February 17, 1977. These estimates have not yet been discussed in committee, but, as honourable senators know, there is a meeting of the National Finance Committee at ten o'clock tomorrow morning at which time we will have our first go at these estimates, and I can assure you that before we are called upon to give final approval to the 1977-78 estimates our National Finance Committee will have had ample opportunity to discuss them and to report to the Senate thereon.

As honourable senators know, of course, none of the items contained in these estimates will be released by the passage of Bill C-45. The 1977-78 estimates total $44,582 million, consisting of budgetary expenditures of $41,145 million and non-budgetary expenditures of $3,437 million. The bill now before us is the first interim supply bill for the 1977-78 fiscal year, and will release a general proportion of three-twelfths of the votes in these estimates. There are, however, additional proportions for 21 items to which I will refer later. The total expenditures proposed by this bill are just over $5,113 million.

The proportions requested in this bill are intended to provide for all necessary requirements of the public service to June 30, 1977. This bill is in the usual form of interim supply bills and, as I have already indicated, in no instance does it request release of the total amount of any item. In general, the 21 votes which require additional proportions may be grouped as follows:

(a) Votes for which additional sums are required to finance programs until forecast revenues are received later in the fiscal year:

Regional Economic Expansion	Vote 25
Supply and Services	Votes 1 and 15
Transport	Votes 65 and 90

(b) Votes which provide payments required to cover accounts maintained on a calendar rather than fiscal year basis:

Transport	Votes 40 and L75

(c) Votes for which additional portions are required because payments are greater in the first quarter of the fiscal year:

Communications	Vote 5
Energy, Mines and Resources	Votes 1, L50 and L55
External Affairs	Vote 5
Finance	Vote 15
Indian Affairs and Northern Development	Votes 1, 5 and L50
Manpower and Immigration	Vote 10
National Health and Welfare	Vote 40
Transport	Vote 50
Treasury Board	Votes 5 and 10

Clause 5 of this bill would grant borrowing authority of $7 billion, and provide for the cancellation of all outstanding and unused borrowing authority established a year ago at $6 billion. This borrowing authority has been included in the bill, as usual, to authorize the issuance of treasury bills, marketable bonds and non-marketable bonds including Canada Savings Bonds for the financing of the ordinary operations of the government, including non-budgetary cash requirements such as loans and advances to crown corporations, and to meet requirements of the Exchange Fund Account.

As honourable senators know, this borrowing authority is a requirement of section 36 of the Financial Administration Act which provides that no borrowing authority should be authorized unless approved officially by Parliament. I will dispense with giving the chamber the reasoning behind these requirements of the Financial Administration Act, but I should like to give a list of the borrowing authorities provided for previous fiscal years.

In 1969-70 the borrowing authority was $2 billion. In 1970-71 it was $3 billion. From 1971-72 down to 1973-74 it was $3 billion. In 1974-75 it was $5.5 billion. In 1975-76 and 1976-77 it was $6 billion. As we know, of the last $6 billion, only $5.126 billion was used, and as provided for in the bill before us this authority would lapse with the passing of this interim supply bill.

That concludes my introduction of the bill. If honourable senators wish any further information, I shall be glad to provide it. I am in the hands of honourable senators.

• (2140)

Senator Grosart: Could I ask the Acting Leader of the Government what he means by saying that none of these items will be released? My understanding is that if this interim supply bill is passed, Parliament will have authorized vote by vote, item by item, authority to spend some $5 billion. What does the acting leader mean by saying that it will not be

released? I hope he is not going to say that it means that we can still discuss it, because we can discuss anything.

Senator Langlois: It means that the whole of the items are not passed. We are passing only three-twelfths of the items of the main estimates, with additional proportions of 21 items which I singled out and described in my introduction. Since we are voting only portions of these items, none of such items is released. I meant it in that sense.

Senator Grosart: Is the acting leader actually saying that if we pass this appropriation bill we are not giving absolute and complete authority to spend every cent of that $5 billion?

Senator Langlois: Three-twelfths of the estimates.

Senator Grosart: I am asking why the acting leader says we are not releasing these amounts.

Senator Langlois: We are not releasing any items.

Senator Grosart: Of course we are. That is the only way we can vote money. The Acting Leader of the Government has only to look at the bill and he will see that we are asked to vote specific sums in specific votes against specific items.

Senator Langlois: This bill covers only part of the items of the main estimates. We are not releasing any of those items individually; we are authorizing only three-twelfths of the individual items.

Senator Grosart: That is not so.

Senator Flynn: It is perhaps a bad choice of words. I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, March 29, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of a report entitled "Job Vacancies Registered at End of Month, Canada, February 1975 to January 1977", issued by the Minister of Manpower and Immigration.

Report on the operations of the Shipping Conferences Exemption Act for the year ended December 31, 1976, pursuant to section 12 of the said Act, Chapter 39 (1st Supplement), R.S.C., 1970.

Report of the Canadian Livestock Feed Board for the crop year ended July 31, 1976, including its accounts and financial statement certified by the Auditor General for the fiscal year ended March 31, 1976, pursuant to section 22 of the Livestock Feed Assistance Act, Chapter L-9, R.S.C., 1970.

Report of the Anti-dumping Tribunal for the year ended December 31, 1976, pursuant to section 32 of the Anti-dumping Act, Chapter A-15, R.S.C., 1970.

ARGENTINA

UNITED NATIONS WATER CONFERENCE

Senator Perrault: Honourable senators, may I take this opportunity to say how good it is to be back. Two weeks ago the Prime Minister asked me to lead the Canadian delegation to the United Nations Water Conference in Argentina. I have returned happily and safely—

Hon. Senators: Hear, hear.

Senator Perrault: —only to discover that during the past two weeks matters in this chamber proceeded extraordinarily well—better, perhaps, than at any other time this session. As Leader of the Government here it causes me some personal concern that things went so well in my absence.

Senator Flynn: We missed you.

Senator Perrault: It is very kind of the Leader of the Opposition to say that. In any case, I do want to thank the deputy leader, Senator Langlois, for his excellent work when I was in Argentina. Indeed, I wish to thank all those who filled in and helped out. I appreciate it very much.

Let me add that from the Canadian standpoint the conference was a success. We had an outstanding delegation of Canadians from every province, from coast to coast. I can say in all candor that Canada's delegates made some of the outstanding contributions to this important conference on world water resources.

Senator Flynn: Honourable senators, perhaps I should have waited until the question period to say this, but in view of the statement made by the Leader of the Government I think it would be more appropriate for me to say now that we are pleased to see the leader back. We heard that there were some bombings and other revolutionary incidents while he was in Argentina. We were led to wonder whether they were in any way related to his presence there, but we concluded that they could not have been.

Everything went very well in the Senate during the government leader's absence. I do not know if it was because of the leader's absence, but the deputy leader did acquire some much-needed flexibility. As a result, we made progress in a number of areas.

I should be pleased to have the Leader of the Government confirm what he said about the speech of the representative of the Province of Quebec on the Canadian delegation. The Prime Minister said it was highly improper for Mr. Léger to make the statement he did. On the other hand, the Leader of the Government is quoted in the press as having said that he approved Mr. Léger's statement. I should like to know how those two statements can be reconciled.

Senator Perrault: If honourable senators deem it appropriate, I shall endeavour to answer that question.

First of all, Mr. Léger's statement was presented to me prior to being made to the United Nations conference. Secondly, at no time before any UN microphone, meeting, or official Canadian press conference did Mr. Léger purport to speak only for the Province of Quebec. The statement to one of the committees by Mr. Léger was received by me and federal officials before its presentation to the conference. Indeed, some suggestions were made by federal authorities about the contents of his speech. Similarly, the text of my speech to the plenary session of the conference, delivered in English and in French—

Senator Flynn: Why not?

Senator Perrault: —was discussed thoroughly with representatives from all provinces, including Quebec. That is not to say that private interviews may not have been given by Mr. Léger and by others to reporters or before microphones not known to me. But, certainly the text of Mr. Léger's official speech as a Canadian delegate was seen and approved by me, and the terms and conditions of the national delegation were met—at least in an official sense. However, I cannot comment on any other statements or interviews that may have been

given by Mr. Léger or other delegates from Quebec, either inside or outside, the United Nations Water Conference site in Argentina.

Senator Flynn: Perhaps it would have been better had the Prime Minister communicated with Senator Perrault, even if it had meant his having to phone him in Mar del Plata before commenting on Mr. Léger's speech.

• (1410)

Senator Perrault: Honourable senators, a valid and significant point was made by the Prime Minister, however, when he expressed his view that when national delegations go abroad there should be agreement as to what those delegations represent and say. We really have to speak in concert and unity as Canadian representatives when we go abroad, which I believe was the thrust of the Prime Minister's remarks. Again it should be said that this recent UN Water Conference was marked by some outstanding contributions from our Canadian delegates, including representatives of the provinces. There was some excellent technical expertise from Ontario, the prairie provinces, the Atlantic provinces, British Columbia and, certainly, from the province of Quebec.

Senator Flynn: Oh, yes; I would hope that you would not forget British Columbia in saying that.

Senator Langlois: Honourable senators, may I be permitted to thank the Leader of the Government for his appreciation of my efforts during his recent absence, and also the Leader of the Opposition who made reference to my flexible attitude during that time? May I be allowed also to express the hope that the Leader of the Opposition will be absent some day so that his deputy will acquire some more flexibility, which might also reflect upon him at a later date?

Senator Flynn: I have never had a more flexible deputy than Senator Grosart. I do not know what you expect.

Senator Langlois: A lot.

Senator Buckwold: Is another word for your deputy's flexibility "disjointed"?

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, March 30, 1977, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, may I add at this stage that it is proposed that this committee will sit only at 3.30 tomorrow afternoon.

Motion agreed to.

NATIONAL SYMBOLS

DISTRIBUTION TO MEMBERS OF PARLIAMENT—QUESTION ANSWERED

Senator Perrault: Honourable senators will recall that on Wednesday, February 23, Senator Riley made an inquiry with respect to a supply of flags or lapel pins for members of the Senate. Today I received the following letter from the Secretary of State of Canada:

> Thank you for your letter of February 25, concerning the distribution of flags and lapel pins to senators.
>
> I am pleased to confirm that the necessary arrangements have been made to introduce senatorial allotments of these national symbols on April 1.
>
> The quotas available at that time to senators will be the same as for members of the House of Commons; that is: 50 flags 3′ x 6′, 200 flags 3″ x 6″ with desk stand, and 500 lapel pins.
>
> In order to make senators aware of these allotments and of the procedures for obtaining them, I intend writing to all senators with full details, prior to April 1.

I am sure we all wish to thank the Honourable the Secretary of State for his cooperation.

Hon. Senators: Hear, hear.

HEALTH, WELFARE AND SCIENCE

MEETING OF COMMITTEE CANCELLED

Senator Langlois: Honourable senators, I should like to announce at this time that the meeting of the Standing Senate Committee on Health, Welfare and Science scheduled for this afternoon when the Senate rises has been cancelled.

APPROPRIATION BILL NO. 1, 1977

THIRD READING

Senator Langlois moved the third reading of Bill C-44, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

Hon. George I. Smith (Colchester): Honourable senators, if you would bear with me for a very brief time, I should like to make one or two comments on two items covered by the bill before us. They will not be novel comments, but they should, I feel, be made at this time.

I refer specifically to vote 52d on page 15 of the Schedule and vote L116d on page 16. Vote 52d relates to VIA Rail. I believe the full name is VIA Rail Canada Inc. Why, incidentally, the "Inc." has to be part of the name, I do not know. One would have thought they would have used the well recognized Canadian designation if it was the wish to show it as a corporation. However, that is not the subject matter of my comments.

I want to make the point that this is a matter of great national importance and, as such, it seems to me it is not something which should be done in the relatively obscure way

of being one of many items in this type of supply bill. It seems to me to be of such importance that there is no reason why it should not be done by way of a separate piece of legislation. In fact, there is every reason why that course should have been followed. This is truly a matter which should be the subject of wide national debate, the subject of all of the legislative processes which enable interested and knowledgeable persons to make a contribution to the content of the legislation. This, surely, is a matter that should be the subject of debate in both houses, as well as study by committees of both houses.

I do not rise to criticize the Minister of Transport. I am perfectly willing, for the limited purposes of this discussion, at any rate, to agree that no doubt he and his departmental officials are very competent and informed people. But here is a matter of moving persons, en masse, throughout the various parts of this country—a task which has baffled the ingenuity and efforts of all who have set their minds to it, with very few exceptions so far. Given the difficulties we face respecting the energy required to move people from one place to another, the possibility of doing so successfully by rail is surely one of the most important features involved in the economic use of energy.

There was a time—and many here, I am sure, still remember it—when people used the railways of this country as one of the main means of travelling from one place to another. I have been a user of the railways from a very young age, and over the years I have watched, not merely the decrease in the number of people who use this mode of transportation, but the deterioration in the facilities and the quality of facilities which the railways make available for this purpose.

While I have heard—and, no doubt, will hear again—the allegation made by the railways that such deterioration was primarily due to the fact that people forsook the railways, I cannot help but think that there is a great deal to be said for the opposite view—namely, that, as the years went by, the railways deliberately, or if not deliberately, carelessly, allowed the attractiveness of their passenger service so to deteriorate that people simply gave it up in disgust. The matter of being on time, the comfort of the facilities, and schedules which would meet the convenience of the travelling public rather than that of the railways themselves—a multitude of things of this kind we could see, and I am sure many honourable senators have seen, deteriorate under our very eyes from year to year.

● (1420)

I do not know a better or more efficient means of moving people—provided, of course, that there is a reasonable amount of convenience involved—than by rail. I do not know a better way of conserving energy and yet getting people to where they want to go and back again. It seems to me that it needs much more than a mere perfunctory effort to persuade people to use the railways again in the national interest. It needs something very special; it needs something more than a perfunctory item in a supply bill. It needs the best minds and the best efforts of all interested people. It seems to me that if ever there was a matter which ought not to be dealt with in such an obscure and—well, I cannot think of a word strong enough that would still be parliamentary, so I shall just repeat the word "obscure"—way, this is it. I want to protest with every ounce of vehemence I can muster that this ought not to be done. It does not give Parliament a chance and it does not give the public a chance. It is completely and utterly the wrong way to deal with important matters.

Senator Forsey: Hear, hear.

Senator Smith (Colchester): I should like to add that when one thinks of the great investment in roadbeds for railways, how much money has already been invested therein, and how much money has to be invested from year to year if we are going to keep up with the trend of moving people by highway, one cannot help but come to the conclusion, altogether aside from the problem of saving energy, that with these many thousands of miles of railway roadbeds lying there ready for use, or in such a condition that they can be made reasonably ready for use without tremendous expenditure, here is something which ought to receive the very greatest attention and something which ought to be compared in cost with the cost of trying to continue to move people by highway.

Leaving that aside for a moment—in fact, leaving it entirely aside insofar as my remarks today are concerned—I would like to say something of a fundamentally similar nature about the item on page 16 which, in effect, forgives the amount of $624,950,000, the principal amount of the indebtedness of the St. Lawrence Seaway Authority to the government. Here again is a matter of great public importance and public significance, and I think all the remarks I made in reference to the other item, as to the impropriety of dealing with such a matter in such an obscure way, are indeed applicable here.

While I do not oppose the bill, and do not call upon anyone else to oppose it, I do want to voice a most emphatic objection to dealing with these matters of great importance in such a way.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 2, 1977

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Langlois, seconded by the Honourable Senator Petten, for the second reading of Bill C-45, intitled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978".—(*Honourable Senator Flynn, P.C.*).

Senator Langlois: Stand until later this day.

Senator Flynn: Are you sure, senator? This is Bill C-45, the interim supply bill, which we are dealing with now; not Bill C-37, which is to come later this day when we are to have the pleasure of listening to Senator Thompson.

Senator Thompson never had the opportunity to experience first hand or criticize this type of legislation with a provincial

interest to protect. He was the Leader of the Opposition in his province and not the premier. We on this side will have a former premier reply to him, which should prove rather interesting. In the meantime, I am dealing with interim supply.

Senator Thompson: May I say that had I been premier it would have been a happy compromise.

Senator Flynn: It is difficult to have a position more enjoyable than the one I hold here, so I suppose the same thing would hold true for Senator Thompson.

Honourable senators, Bill C-45 is an interim supply bill, an appropriation bill. As a general rule, appropriation bills are strange devices because they ask Parliament to vote supply before Parliament has had occasion to make a decision, if indeed it has a decision to make, on the main estimates. Of course, if the main estimates could be studied fully and approved before the beginning of the fiscal year, which in this case is only two days away, there would be no need for interim supply. The main estimates, however, are tabled only about six weeks before the beginning of the fiscal year. That does not give sufficient time to the other place, nor to the Senate, to study them in depth and make enlightened decisions. So we must look upon the approval which is sought of us as a request for us to make an act of faith in the government.

Some years ago I suggested that it looked somewhat like the airline advertisement which says: "Fly now and pay later." We are being asked to "approve now and discuss later." But what will be the use of "discussing later"? What we now approve can and will be spent by the government and there will be no way of coming back on our decision.

● (1430)

Yesterday, when we discussed supplementary estimates (D), we found out that in practice what Parliament is asked to do when approving estimates or passing appropriation bills is about the same thing. I was profoundly interested in the reply from the President of the Treasury Board when I asked what would happen if we voted against that bill. His reply was—and I am paraphrasing—that the government might not be able to pay, that perhaps it would have to go to the people. In the meantime it would use Governor General's Warrants which would have to be approved by the next Parliament. But the amount would have been spent in the meantime under Governor General's Warrants.

What can Parliament do, for instance, in regard to Governor General's Warrants. Money has been spent, approved, I suppose, by the Governor General under the authority of the Financial Administration Act. This indicates how important Parliament is with regard to public expenditures. We have a right to worry and complain about this state of affairs, and that is what I am doing.

Traditionally, estimates and the discussion of estimates in the other place have been occasions for the airing of grievances and not for real attempts at controlling expenses. I feel sure that my good friend Senator Benidickson, who specialized in this area when he was in the other place, will agree with me that generally speaking the House of Commons views its role in this respect as merely that of criticizing, of airing grievances and frustrations.

Senator Benidickson: Asking for more money.

Senator Flynn: And very often asking for more money while criticizing the government for spending too much. But in the end nothing much is changed in the estimates prepared by the government.

That is why I say that in this respect I think our job, if we are realists, is akin to that of a watchdog. We complain and try to influence the government; and the government, in turn, tries to influence the bureaucrats. But control of public spending is an illusion in these times. That was made clear by the Auditor General and is generally recognized. It need not be the case, but it is.

In this particular instance we are asked to vote, generally speaking, three-twelfths of the total of the estimates for the current year commencing Friday. Secondly, in other items we are asked to vote additional supplementary sums. That is the way I read it, at least in the explanation. The bill is not too clear about this. But since three-twelfths—that is in paragraph (a) of clause 2—is mentioned as representing $4.803 billion, et cetera, I suppose that paragraphs (b), (c), (d), (e), (f), and (g) add to it. Paragraph (b) says:

> —eight-twelfths of the total of the amounts of the several items in the said estimates set forth in schedule A—

That would amount to eleven-twelfths, practically the whole of this particular schedule. Paragraph (c) says:

> —six-twelfths of the total of the item in the said estimates set forth in schedule B—

Which means nine-twelfths, really. Paragraph (d) refers to four-twelfths. That means seven-twelfths. Paragraph (e) mentions three-twelfths of the total estimates in schedule D. That means six-twelfths. Paragraph (f) mentions two-twelfths of the total of the several items in schedule E. That means five-twelfths. Paragraph (g) mentions one-twelfth of the total of the amounts of the several items in schedule F, which means four-twelfths or four months, one-third of the year.

I certainly would like to have information as to why in certain cases we have to give these additional twelfths, and in varying percentages. I think we should be given the reason for these differences.

The second point I want to comment on is the borrowing authority provided in clause 5 of the bill. We are asked to authorize the Governor in Council to borrow up to $7 billion. Last night Senator Langlois explained that the amount in previous years had been much lower. But there was one exception: the year the campaign for the sale of Canada savings bonds was so successful that the government had to come back to Parliament to obtain authorization to cover the amount that had already been sold. I would like to have some additional information on this borrowing authority.

It seems to me that this kind of bill, in the narrow field in which Parliament can operate, or in which the Senate can operate, requires that someone from Treasury Board—if not

the minister, at least an official—appear to give us some specific answers to our questions.

Before I resume my seat I would ask the Deputy Leader of the Government to tell us why it is so urgent to pass this bill. The situation is always the same. The fiscal year is going to end two days from now, on Thursday. You will remember that at one point, on a previous occasion, there was a question of the cheques not going out and people waiting to be paid, or the cheques going out and being refused by the banks, which I think would have been very silly on the part of the banks. These difficulties reflect poorly on the efficiency of Parliament. But it is certainly not the Senate's fault. These bills always come to us at the very last minute. Whether the situation is due to the slow pace of the House of Commons, or to a miscalculation on the part of the government leader on the other side, I prefer not to discuss at this time. It seems, however, absurd that we should always be put in the position of having to vote this kind of bill in a hurry for fear of being accused of delaying salary cheques to public servants. On this one point I should like the minister, or at least an official of the department, to offer an explanation. I would, therefore, invite the government leader to agree that after we give second reading to this bill we spend, let us say, an hour or half an hour with the minister or an official of the department in Committee of the Whole or before the Standing Senate Committee on National Finance.

Hon. Léopold Langlois: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if Senator Langlois speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Langlois: Honourable senators, most of the remarks made by Senator Flynn were, to my mind, answered to some extent last night both in my presentation of the bill and in the discussion that followed.

In my presentation of the bill I thought I had indicated quite clearly that we were asked to vote three-twelfths of the items of the main estimates except for 21 items for which additional proportions were required. I listed the 21 items and gave the reasons why the additional proportions were being requested. I hastened to add that these votes of portions of items will not release any of them. I think this was fully understood last night, and I need not repeat it.

● (1440)

Senator Flynn: I never criticized that. That is not the point. I think the deputy leader made one of the shortest speeches I have heard on interim supply. I am not discussing the question of being able to review these matters further, but I want some specific information as to why there are differences.

Senator Langlois: On the question of these part votes, I do not think I can add anything to what I said last night.

Senator Flynn: This is why.

Senator Langlois: I think this is quite sufficient. I do not know what other information my friend wants from me.

Senator Flynn: Not from you.

Senator Langlois: I think I will pass on this. As to his other remarks concerning the borrowing authority, last night I clearly indicated that only part of the borrowing authority voted in the last interim supply bill had been used, that the $6 billion provided for had been used to the extent of only 5-point something billion dollars, and that, according to the bill before us, as soon as it is passed the remainder of this authority is cancelled.

Senator Flynn: I agree.

Senator Langlois: It is annulled. There, again, I do not know what I can add to this.

Senator Flynn: I am not—

Senator Langlois: I did not interrupt your speech. Would you please let me go on? You have given me the impression that you have not grasped the meaning of what I said last night.

Senator Flynn: I did.

Senator Langlois: As to the suggestion that this bill might be committed to a Committee of the Whole, I have no objection to that. However, I understand that it will be impossible to have the President of the Treasury Board in attendance this afternoon or evening. He has other commitments which he cannot get out of. I think we could have this bill committed to Committee of the Whole almost immediately with some officials of the department, including Mr. Bruce MacDonald, in attendance and sitting in front of my desk to answer—through me, of course—questions put to them. As soon as this bill is read the second time I shall be ready to move that it be committed immediately to Committee of the Whole.

Senator Flynn: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Petten, that this bill be read a second time.

It is your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Langlois: Honourable senators, I move, seconded by the Honourable Senator Perrault, P.C., that the bill be committed to a Committee of the Whole presently.

Motion agreed to.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Macnaughton, P.C., in the Chair.

The Chairman: Honourable senators, the Senate is in Committee of the Whole on Bill C-45, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978."

Shall discussion of the title of the bill be postponed?

Hon. Senators: Agreed.

The Chairman: Clause 1. Shall clause 1 carry?

Hon. Senators: Carried.

Senator Grosart: With respect to clause 1, Mr. Chairman, I should like to repeat the comment I made yesterday about the numbering of these appropriation bills, and to suggest again that the Treasury Board or the government consider a revision of this numbering so that this appropriation bill, which is the first appropriation bill for the fiscal year 1977-78, does not appear as Appropriation Act No. 2. I raised the point yesterday when we had the designation "Appropriation Act No. 1, 1977," which dealt with the previous fiscal year. The minister at that time said that this information was new to him, but that this was the prevailing situation. I raise the matter again at this time in the hope that something will be done to change this system of numbering. I do not see any reason why the bill we had yesterday should not have been designated as an Appropriation Act numbered for 1976-77, and why this bill should not be designated "Appropriation Act No. 1, 1977-78."

Senator Langlois: Honourable senators, I can give you my assurance that consideration will be given to the suggestion that appropriation bills be numbered in the sequence of their presentation to Parliament within the fiscal year in relation to which they are being introduced.

The Chairman: Clause 2. Shall clause 2 carry?

Senator Flynn: Honourable senators, the deputy leader said last night, since we are not asked to vote the full amount of any item for the whole fiscal year, that all the items remain subject to discussion by the Senate. He used the expression "are not realized". I agreed with that, but this is not my point.

In today's committee meeting Senator Benidickson raised the matter and said that the Senate can, either by Notice of Inquiry of a general nature or by Notice of Inquiry of a specific nature, discuss any kind of items in the estimates, even after they have been passed in their entirety. I have no problem with that.

The only reason I mention this is because the point was raised this morning in committee, and made last night by the deputy leader, that we are free to argue or air our differences about any item in the estimates at any time. I should specifically like the deputy leader to tell us why in paragraph (b) we are asked to vote eight-twelfths additional of the estimates set forth in schedule A rather than three-twelfths, which is the general rule in such a bill. At the same time I should like him to give us an explanation of why the proportions are different in paragraphs (c), (d), (e), (f) and (g).

● (1450)

Senator Langlois: I partly answered this question last night when I gave the reasons for these additional proportions being requested. If the honourable senator wishes me to give a detailed explanation for each item, I am ready to do that.

Senator Flynn: Try.

Senator Langlois: The first is vote L55, which is loans to finance the purchase of a heavy water plant. An additional eight-twelfths is required to cover the installment due on April 1, 1977, to Canadian General Electric Company Limited with respect to the purchase of a heavy water plant at Port Hawkesbury, Nova Scotia.

The next one is under Regional Economic Expansion, and concerns the Cape Breton Development Corporation, vote 25. This is a payment to the Cape Breton Development Corporation for capital expenditures in rehabilitating and developing its coal and railway operations. An additional eight-twelfths is required, as usual, to cover capital expenditures for the coal division in the first three months of the fiscal year. The full appropriation will represent 25 per cent of the 1977-78 capital budget. The balance is to be financed by surplus funds, which will not be available until later in the year. Parliament votes money to the corporation on the basis of its net requirements rather than its gross requirements.

The next one is vote 90 under Transport, and concerns the Great Lakes Pilotage Authority, Ltd. An additional eight-twelfths is required to cover operating expenditures in the first three months of the year, as Parliament votes funds to the authority on the basis of net annual requirements rather than gross requirements. The revenues of this authority are earned only during the shipping season, which is approximately nine months, from April 1 to December 1, while operating expenditures are incurred over the fiscal year of twelve months, and those revenues which are earned in April and May will not be collected until 45 to 60 days following.

Senator Flynn: That is much better than last night.

Senator Langlois: It is more detailed, of course.

Senator Flynn: You merely recited the items last night.

Senator Langlois: The next such vote is under Treasury Board, vote 10, for government contingencies and centrally financed programs, student summer and youth employment. An additional six-twelfths is required to provide funds for student summer and youth employment. Due to the seasonal nature of this item, heavy payments are made during the interim supply period.

The next one is under Finance, the municipal grants program, for grants to municipalities. An additional four-twelfths is required to provide for the large payments of grants in lieu of taxes made in the first three months of the year, in particular to Ottawa and Toronto.

I go on to schedule D, Communications, vote 5, capital expenditures. An additional three-twelfths is required to

enable a payment of $9 million, due April 1, 1977, for an experimental communications satellite.

Also in schedule D, under External Affairs, Canadian interests abroad, capital expenditures of an additional three-twelfths are required to cover the cost of completing the purchase of additional chancellery facilities in Paris, France, in the spring or early summer.

Senator Croll: If I heard you correctly, when you referred to municipal grants you made particular reference to Toronto and Ottawa and the need for turning over money to them. It seems to me unusual that they should be singled out. What about the other cities? Are they not in need in the same way?

Senator Langlois: The cities of Toronto and Ottawa call for very large payments, much larger than those to other municipalities. These large payments must be taken care of early in the year.

Senator Croll: I suppose in the case of Ottawa it is the taxation of public buildings which makes the amount so large, but why would there be a difference between Toronto and Vancouver, or Winnipeg and Montreal? Why would there be a difference there?

Senator Grosart: Because they have got three-twelfths for that.

Senator Langlois: The reason is, as I said, that these are larger payments than usual. That is why we need more than three-twelfths to take care of them.

In schedule F, under Energy, Mines and Resources, the administration program, vote 1, an additional one-twelfth is required to cover the rental and maintenance cost, payable on April 1, 1977, for the departmental computer.

Senator Flynn: What the deputy leader has said this afternoon is much more informative than his speech last night. At that time he merely recited what was in the bill.

Senator Langlois: I went a little further than that, but then we were not in committee and I had no departmental officials with me.

Senator Flynn: I am not disagreeing; I am not saying you should have told us everything about it. I merely suggest that the Senate is better informed than we would otherwise have been.

Senator Langlois: I am very happy if I have been able, for once, to convince and satisfy the Leader of the Opposition.

Senator Croll: Not convince.

Senator Langlois: It is not an easy task.

Senator Flynn: It is not easy, but you are succeeding gradually; you are becoming much more effective.

Senator Langlois: Thank you very much.

The Chairman: Shall clause 2 carry?

Senator Grosart: I suggest that we stand clause 2, for the reason I gave last night, that we are coming to some specific votes which may or may not entail a full vote of supply. If the committee should, in its wisdom, recommend amendments, we shall be in the impossible position of having voted the total supply, or a proportion of the supply, and then having to go back and reverse that decision.

The Chairman: Is it agreed that clause 2 shall stand?

Hon. Senators: Agreed.

The Chairman: Clause 3. Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Clause 4. Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Clause 5.

Senator Flynn: I understand what the deputy leader said last night about the borrowing authority. I should like to know how this amount of $7 billion was arrived at, or how it was estimated. I appreciate, as he said, that the amount which was not borrowed last year will lapse. This requires, for the year commencing on Friday, authority to borrow $7 billion by way of securities or otherwise. I was wondering if the deputy leader could enlighten us on the estimate that was made, and how this figure was arrived at.

● (1500)

Senator Langlois: To answer the last part of my honourable friend's question first, I would refer him to paragraph (2) of clause 5 of the bill, which reads as follows:

> All borrowing powers that are authorized by section 5 of Chapter 90 of the Statutes of 1974-75-76 and are outstanding and unused and in respect of which no action has been taken by the Governor in Council pursuant to section 37 of the Financial Administration Act shall expire on the date of the coming into force of this Act.

Senator Flynn: I agree with that.

Senator Langlois: As to the first part of Senator Flynn's question, I understand that the estimate of $7 billion was arrived at through the development of an expenditure program or plan by which the government forecasts its revenues and receipts, and the government would expect to have to borrow the difference. That is how the figure of $7 billion is arrived at as the required borrowing authority for the present fiscal year, which will commence on Thursday.

Senator Flynn: Is there any anticipation of a deficit?

Senator Langlois: I understand that it is almost impossible to answer that question at present, but it will be made much clearer when the budget is presented later this week.

Senator Flynn: You are asking us once again to make an act of faith.

Senator Langlois: Life itself is an act of faith. Every day we live in the hope of being alive the next day.

The Chairman: Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Clause 6. Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Shall the schedules A, B, C, D, E and F to the bill carry?

Senator Grosart: With respect to the schedules, Mr. Chairman, specific reference is made to a number of votes in the main estimates under two headings, as follows:

> (a) Votes for which additional sums are required to finance programs until forecast revenues are received later in the fiscal year.

And:

> (c) Votes for which additional portions are required because payments are greater in the first quarter of the fiscal year.

The reference is to 21 votes, and I would ask the Deputy Leader of the Government to tell us which, if any, of these votes, if this bill passes, is granted complete or full supply.

Senator Langlois: The answer is none of them.

Senator Grosart: Would that apply, for example, to the Treasury Board vote 10? That is the one which applies to the student summer and youth employment program. Are we told that only part of that vote is required?

Senator Langlois: We are only asking for nine-twelfths of this vote.

Senator Grosart: How long will that carry this program? What is the anticipation—to June 30?

Senator Langlois: Up to approximately the end of June.

Senator Grosart: So that nine-twelfths total vote will be expended, and the anticipation is that it will be expended by June 30 and there will then be only three-twelfths left for the remainder of the summer; is that correct?

Senator Langlois: That is correct; quite correct.

The Chairman: Shall schedule A carry?

Hon. Senators: Carried.

The Chairman: Shall schedule B carry?

Hon. Senators: Carried.

The Chairman: Shall schedule C carry?

Hon. Senators: Carried.

The Chairman: Shall schedule D carry?

Hon. Senators: Carried.

The Chairman: Shall schedule E carry?

Hon. Senators: Carried.

The Chairman: Shall schedule F carry?

Hon. Senators: Carried.

The Chairman: Reverting now to clause 2, shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall the title of the bill carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker: The sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

Senator Macnaughton: Madam Speaker, the Committee of the Whole, to which was referred Bill C-45, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978, has considered the said bill and has the honour to report the same without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois: Honourable senators, I move, with leave, that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: Leave is granted for the reasons already indicated, and with the hope that we will not always be in this position of being rushed.

Motion agreed to and bill read third time and passed.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING BILL, 1977

SECOND READING

Hon. Andrew Thompson moved the second reading of Bill C-37, to provide for the making of certain fiscal payments and of established programs financing contributions to provinces, to provide for payments in respect of certain provincial taxes and fees, and to make consequential and related amendments.

He said: Honourable senators, in introducing this bill I apologize for the fact that it is a rather heavy one to digest and, at this time, after the long discussion we have had I crave your indulgence as I attempt to explain it. The bill has been described as one which surely could capture the esoteric imagination of chartered accountants and actuaries. There are algebraic formulae and cube roots worked into its clauses. It is a very complex document, and it deals with such notions as measurement of fiscal capacity, methods of calculating cash entitlements, escalation factors and tax rate changes. Yet these are essential features of the new fiscal relations being proposed. Fiscal relations between different levels of government are inherently complicated, and there is no alternative in writing them into the law.

• (1510)

The measures incorporated in this bill are an integral part of the framework under which Canada will be governed over the next year.

Senator Flynn: Over the next five years.

Senator Thompson: Yes, the next five years. Basically, the bill proposes fiscal arrangements to provide for the transfer of a large part of national fiscal resources from the federal to the provincial governments. That fiscal transfer, over the coming fiscal year, will amount to $8.5 billion, about $3 billion of which will be in the form of an increased share of personal income taxes, with the rest being in the form of cash payments. That transfer represents more than one-sixth of the current total federal budget, and is roughly a sum equal to the 1965 federal budget. It will provide funding for four vital national programs—revenue equalization, hospital insurance, medicare and post-secondary education. Every Canadian, regardless of the region in which he or she lives, through the equalization payments program will be assured a reasonable level of vital public services without being forced to pay much higher taxes than the national average. In other words, it is a vital program in reducing, as much as possible, regional disparities, and I think all honourable senators would agree that such a policy is fundamental to the preservation of national unity.

Financial stability will also be maintained through the sharing of fiscal areas, the revenue stabilization program and the guaranteed personal income revenues. What is as significant as the stupendous sums of money involved is the fact that such programs represent federalism at work. Bill C-37 is the culmination of many months—indeed, in some cases, years—of intensive federal-provincial discussion and negotiation. As I look across at the former premier of Nova Scotia, I am sure he, like the present premiers and the Prime Minister, and the people who worked on such legislation, looks upon this bill as a strong indication that federalism will work. There are bound to be differences between the federal government and the provinces and, indeed, amongst the provinces themselves. The federal government must preserve sufficient fiscal resources to redistribute income to persons and regions, to stabilize the economy, and to continue to help finance the services, in all parts of the country, which Canadians need and deserve. The provinces argue for more fiscal elbow room and basic autonomy. They claim that the federal government intruded into areas of provincial jurisdiction through the use of its spending power, and that the shared-cost programs, in particular, had distorted provincial expenditure priorities and that this, in turn, forced the provinces to provide high cost programs where equally effective lower cost alternatives would serve as well.

I do not think there is much argument that, without the exercise of the federal spending power in the areas of health and post-secondary education, we would not have the excellent national standards which currently prevail in all provinces. I should like to give credit for that to all parties in Parliament. I think, for example, of the Right Honourable John Diefenbaker who initiated, in many ways, the hospital insurance program when he made the arrangement whereby one province could receive costs from the federal government. When I talk of medicare, I think of the establishment, again by the Right Honourable John Diefenbaker, of the Hall Commission.

So I think that all of us, regardless of our political persuasion, agree that the spending power of the federal government did play a significant part in connection with the setting of health standards across Canada.

Bill C-37 represents an accommodation to provincial demands, increasing their fiscal room and providing them with increased opportunity to determine their own priorities in these areas. Indeed, we have seen the evolution of such fiscal arrangements between the federal and provincial governments over the past 10 or 20 years in providing greater fiscal freedom and autonomy. The provinces have developed a wide array of distinctive and effective programs, increasingly under their own control.

It is important that recognition be given to the interdependence of all parts of the bill when discussing its overall impact. There is a danger of focusing on one area exclusively. In reading the debate which took place in the other place, I felt, in some cases, that that very thing did take place. For example, one could focus completely on the impact of the transfer of tax points, arguing that such a transfer is unfair to the poorer provinces. But that ignores the provision of the equalization factor whereby a special equalization payment brings the province with a lower tax income up to the national average.

There are some who have suggested the bill will mean that national standards of health services will suffer as a result of more provincial autonomy in that area. However, we should not lose sight of the fact that the basic requirements of the federal government in connection with health services will remain, and those requirements are, as I am sure honourable senators are aware, the administration by the public authority, universality, comprehensiveness and portability from one province to another. Those standards will be maintained.

I have faith in the provincial administrations. The health program is well established in Canada, and I believe that the electorate of the various provinces will ensure that the level of hospital and medical services to which they are entitled and accustomed will be maintained.

The provinces accepted the established program formula because, in absolute dollar terms, all provinces are projected to benefit from this formula compared to current arrangements extended.

I should like now, with your indulgence, to take each of the 10 parts of the bill. Part I of the bill outlines the new equalization formula. The present formula expires on March 1, 1977—which emphasizes the urgency in having the measures proposed in this bill enacted. I might say I was interested in the development that took place with respect to this bill prior to its arrival in the Senate. If I may, I should like to give a chronology of the federal-provincial meetings. As the honourable Leader of the Opposition has suggested, we should be wondering why such important bills as this come to us almost

on the eve of the risk of finances not getting out to the provinces.

On April 1, 1976, there was a meeting of finance ministers to review federal-provincial fiscal arrangements. That was followed by a meeting of first ministers on June 14 and 15, which was followed by further meetings of finance ministers on July 6 and December 6 and 7. On December 13 and 14, there was another meeting of first ministers, and on February 1 and 2 of this year there was a finance ministers' meeting, and at that final meeting details of the new arrangements were confirmed.

● (1520)

There was hard bargaining, as there should be in a Confederation, as between provinces and the federal government and as between provinces and provinces, and the matter did not get down to final acceptance until February 1. That means that from that time there has been a lot of work done, and a lot of quick work done, on the part of the department.

Now, coming back to the new formula—that is, the equalization formula—it will apply for five years, starting on April 1, 1977. I should like to repeat, because I think it is worth emphasizing, that the purpose of equalization is being maintained, of course, and it is of very great significance and importance, and that purpose is to ensure that all provinces can provide reasonable standards of basic public service without having to raise their taxes above the national average. Seven provinces at present receive equalization payments, and I am sure all honourable senators are aware of them. They are the four Atlantic provinces, and Quebec, Manitoba and Saskatchewan. It is estimated that equalization payments of about $2.5 billion will be made to the provinces in the fiscal year 1977-78. In per capita terms, that means the following distribution to the provinces: Newfoundland, $479; Prince Edward Island, $577; Nova Scotia, $416; New Brunswick, $394; Quebec, $200; Manitoba, $194; and Saskatchewan, $41.

Senator Flynn: Are you speaking of equalization payments there?

Senator Thompson: Yes.

Senator Flynn: Then I think there was a mistake as far as Quebec is concerned. I think the amount is $1,292.

Senator Thompson: I am speaking just of the equalization payment, and it is $200 per capita. Perhaps I did not make it clear that it is a per capita figure. So far as Ontario, Alberta and British Columbia are concerned, their fiscal capacity is above the national average, and they do not receive such equalization payments.

There are four essential differences to the new equalization formula. In the first place, the revenues to be equalized have been reclassified and redefined to better reflect what the provinces are now taxing. For example, there are now 29 categories of groupings where before there were 22. And this provides for a particular focus on certain revenue bases which have increased in significance in recent years, and they could be anything from lotteries to payroll deductions, and so on.

Secondly, the treatment of natural resource revenues has been changed. Commencing with 1974-75, provincial revenues from natural resources have been only partly included in equalization, and this has been in order to avoid a sudden and unwarranted large jump in the cost to the Canadian taxpayer of equalization programs.

It is proposed to continue to limit resource revenues subject to equalization, but to do so in a more consistent manner. At present, revenues from non-renewable resources, except for oil and gas, are equalized in full. Oil and gas revenues are split into two parts—basic and additional. Basic revenues, essentially revenues up to 1973-74—and that was the year after which there was a large increase in the world prices of oil and gas—are equalized in full. Additional revenues are equalized to the extent of one-third. Now the new formula—and this provides a more generous allocation of funds—provides that one-half of all revenues from non-renewable resources will be equalized. All provincial revenues from renewable resources will continue to be equalized in full, as they are at present.

Thirdly, changes have been built into the formula to reduce existing possibilities for a province to influence its equalization entitlements by its own actions. In particular, new revenue sources covering both corporate income taxes and revenues derived from government business enterprises have been established. And the objective of this new grouping is to prevent a province's equalization entitlement from being significantly increased as a result of the province's acquiring a privately-owned profit-making corporation. Here I am looking at one of the honourable senators from Saskatchewan, and perhaps we would think of potash as just one example of this.

Finally, a partial ceiling has been built into the equalization formula for all natural resource revenues, and this has been done, as I am sure all honourable senators will recognize, to guard against a rapid increase in the cost of the equalization program resulting from such events as worldwide shortages or restrictions of supply that can affect resource revenues particularly. The way it is being done is by providing that the total amount of equalization payable in respect of all natural resource revenues may not exceed one-third of the total equalization. The level of one-third is somewhat above the existing level and is unlikely to become applicable unless there is a very substantial increase in provincial revenue from oil and gas.

Part II of the bill provides for a renewal of the fiscal stabilization program for a period of five years, commencing April 1, 1977. It will replace the present one which expires on March 31, 1977. The purpose of revenue stabilization is to protect provinces from sudden, year-to-year losses of revenue as a result of a severe downturn in the national economy or in their own economies. In essence, the program provides that where the total revenue of a province in any year is lower than its total revenue in the preceding year, it will receive a stabilization payment equal to the shortfall.

The reason for the comparison between the two years is on the basis of common tax rates and structures. However, where the reduction occurs in respect of natural resource revenues, stabilization is applicable only if, and to the extent that, the

reduction exceeds 50 per cent of such revenues for the previous year. This latter provision, the 50 per cent threshold, has been added to prevent the possibility of making substantial stabilization payments to resource-rich provinces whose revenues could fall from present or future high levels as a result of the climbing volumes of production or reductions in the prices of resources. It would not make sense to the Canadian taxpayer to underwrite resource revenues, given their historical tendency to reach peaks from which sharp declines occur. The rapid increases in such revenues are for the most part unexpected; their subsequent declines are foreseeable. They should be planned for by the provinces which are fortunate enough to have such resources and, indeed, such is the case if you look again at Alberta and Saskatchewan—and I am thinking of the Heritage Fund in Alberta. While no payments have ever been made under the stabilization program, it has proved useful to the provinces when they have gone to the capital markets to raise funds.

● (1530)

Part III of the bill provides for continuation of the authority in the present act for the federal government to enter into tax collection agreements with the provinces. The only significant change here is that for the first time there is provision for bringing the two Territories within the tax collection agreements. Under these agreements the federal government collects on behalf of all provinces, except Quebec, the provincial personal income taxes they levy. It also collects on behalf of all provinces, except Ontario and Quebec, the corporation income taxes that they impose. It does so at no cost to the provinces, except for a small fee in the case of some provinces for the administration of special rebates.

This tax collection system, as I am sure every senator will understand, has been used as the main tool to keep federal and provincial tax systems in harmony. The two provinces not party to the agreement have shown a willingness to keep their systems similar to the federal system, thus preserving harmony.

Part IV of the bill provides for a new limited revenue guarantee program—which I believe the honourable Leader of the Opposition was discussing last night—a program which is intended to avoid serious disruption to provincial financial planning as a result of federal tax policy changes in the year in which they are effective. Its purpose is to encourage the maintenance of a common tax system across Canada. Provincial personal income taxes under the tax collection agreements are applied to federal basic tax. So, as a result, any policy change that reduces federal basic tax alters provincial tax collections. The guarantee will apply to all personal income tax changes announced after the beginning of a tax year and effective in that year. The guarantee will pay for any such provincial revenue losses as a result of federal policy that exceed 1 per cent of federal basic tax in the province. The change in revenues will be estimated by the provinces, and, where the potential loss exceeds 1 per cent of the federal basic tax, a payment will be made. The 1 per cent is designed to avoid the necessity of making payments for small and unimportant changes.

The province of Quebec, as honourable senators know, both defines its own income tax law and collects its own income tax. Thus, it is not automatically affected like the other provinces. However, Quebec has indicated its interest in making its tax system conform with the national system, and it has asked to be included in the program. If Quebec makes changes in the tax system similar to the federal changes in the same year, it will be eligible for a guaranteed payment.

Part V of the bill authorizes the federal government to share with the provinces 20 per cent of the yield of a special federal tax of 15 per cent on the pay-out by corporations of undistributed surplus on hand at the end of their 1971 taxation years. The provisions of this part of the bill are simply a continuation of the arrangements provided for under the existing act.

I come now to Part VI of the bill, which contains the new provisions for the financing of established shared-cost programs. In essence, the present cost-sharing arrangements for hospital insurance, medicare and post-secondary education are replaced by a formula under which federal contributions will no longer be tied to provincial expenditures. I think we can recognize that some people criticized this by suggesting that perhaps the federal expenditures were really decided by the provincial capitals—in other words, the federal budget was going to be decided by provincial capitals.

The objectives of the new arrangement were outlined by the Prime Minister last June at the meeting of first ministers. Perhaps I could repeat these. They are, first, to maintain across Canada the standard of service to the public under these major programs and to facilitate their improvement; second, to put the programs on a more stable footing so that both levels of government are better able to plan their expenditures; third, to give the provinces flexibility in the use of their own funds which they had been spending in these fields; fourth, to bring about greater equality among the provinces with respect to the amount of federal funds they receive under the programs; and, fifth, to provide for continuing joint policy discussions relating to the health and post-secondary education fields.

The new established programs financing arrangements, as defined in Part VI of this bill, will help to achieve each of these goals. The need for a detailed accounting required under the cost-sharing formula for hospital insurance, medicare and post-secondary education will be eliminated. I think on both sides they will be very glad to see the end of that detailed accounting, because it was a source of irritation and resentment between the two levels of government for some time. The federal contributions to the provinces will now take the form of cash payments and the transfer of tax room to the provinces.

The federal contribution to the provinces under this part of the bill will come to more than $6 billion in the next fiscal year. The basic cash contribution for established programs financing for 1977-78 will equal 50 per cent of the national

average per capita contribution for all three programs in the base year, 1975-76, multiplied by the population in each province and escalated in line with the growth in the Canadian economy since that year. The tax transfer will consist of 13.5 personal, and one corporate, income tax points plus associated equalization.

Since the provinces already have 4.357 personal, and one corporate, income tax points for post-secondary education under Part VI of the present bill, the increased tax transfer to the provinces will now be 9.143 personal income tax points.

The value of the tax transfer varies widely among the provinces. Therefore, in the interest of achieving greater equality of treatment among the provinces, transitional adjustment payments will be made to ensure that the value of the tax transfer is at least the equivalent of the value of the basic cash contribution, and in this way provinces will receive as much in tax revenues and cash as they would receive if the entire federal contribution were in the form of cash.

I should also note that the current shared-cost payments also vary widely from province to province on a per capita basis. Accordingly, levelling adjustments will be made in order to achieve further equality of provincial treatment. These levelling adjustments will assure all provinces equal per capita payments after five years. Provinces now above the national average will be levelled down in five years, and those now below the national average will be levelled up within three years.

● (1540)

The bill also makes provision for the extended health care services program. Under this program certain new health programs, as well as certain services now cost-shared under the Canada Assistance Plan, will be financed by means of an equal per capita cash grant of $20. This program has the advantage of ending all open-ended cost-sharing arrangements in the health care field, and of making it easier for the provinces to provide less costly but equally effective services across the whole spectrum of our health care system.

I might note at this point, honourable senators, that the bill provides that any proposed amendments to these new arrangements which would have the effect of lowering a province's entitlement could only be implemented after three years' notice unless, of course, the affected province agrees to the change. Moreover, it provides that such notice will not be given for at least two years. This provision assures the province of long-term stable financing.

I turn now to part VII of the bill, which replaces the Established Programs (Interim Arrangements) Act. This act, which was passed in 1965, provides for the special contracting out arrangements with Quebec. In the mid-1960s the federal government offered the provinces an arrangement whereby they could accept responsibility for financing certain shared-cost programs in exchange for a federal tax abatement. Quebec was the only province to take advantage of the federal offer.

Under the new fiscal arrangements the special abatement will be reduced to take account of the federal tax reduction of 9.143 per cent. Thus the special 24-point abatement to the Quebec taxpayer will be reduced by the general tax reduction of 9.143 to 14.857 points. That will leave him in the same position after as before the federal tax cut.

Part VIII of the bill authorizes the federal government to enter into reciprocal taxation agreements with the provinces effective October 1 this year. These agreements will provide for the two levels of government to pay each other's consumption taxes. The reason for such agreements, as I am sure some honourable senators are aware, is that there has been uncertainty and dispute between provinces and the federal government concerning the paying of such taxes. To date, six provinces have agreed to enter into a system of reciprocal taxation with the federal government respecting consumption taxes.

Part IX of the bill provides for the necessary authority to make regulations pursuant to the new act, and for the recovery I referred to a few moments ago.

Part X contains consequential amendments to other legislation. It provides for the reduction in federal income tax rates to which I alluded earlier as part of the established programs financing arrangements.

Honourable senators will be relieved to learn that that ends my review of the main provisions of the bill. They reflect the accord reached between the federal government and the provinces following extensive and intensive discussions during the past year and a half. It is very complex legislation—certainly it is for me and, I think, for all honourable senators. It is highly sensitive to the great diversity in our Confederation. In its essential purposes this bill is concrete evidence of the ability and the will within our federal system to accommodate our original differences in a manner that enhances the strength and well-being of the entire federation.

Senator Smith (Colchester): Honourable senators, I wonder if I might ask Senator Thompson a question with reference to part VI of the bill and his phrase "levelling adjustments," by which I understood him to mean that certain adjustments would be made so that the amount per capita received by each province under part VI would eventually be exactly the same. I found some difficulty in understanding that when I read the bill and the debate in the other place—and, indeed, when I asked for an explanation during the meeting of the National Finance Committee this morning. It may mean, of course, exactly what it says, in which case no further explanation is required; but everyone seems to indicate that it does not mean quite that.

Senator Thompson: I do not know whether the honourable senator wishes me to go into detail with respect to how the levelling adjustments affect each province.

Senator Smith (Colchester): I do not want to press Senator Thompson unduly. I wondered whether he could add any explanatory words to what he has already said.

Senator Thompson: One of the questions which may be in the minds of honourable senators with respect to levelling up is

why the low average provinces are not immediately levelled up to the national average? The Government of Canada thought originally that a period of adjustment was advisable. It proposed the move towards equal per capita opportunities to be spread over five years. However, in response to provincial requests, low average provinces are to be brought up to the national average in three years. An immediate shift to the national average for lower provinces would mean that there would be larger revenues for these provinces, and they had not worked out how they would integrate those larger revenues in the programs. I do not know whether I am answering the question, but perhaps it could be raised when the bill goes to committee and we have the officials before us.

Senator Smith (Colchester): Perhaps that would be the best thing to do. I propose shortly to move the adjournment of the debate. What troubles me is that no one seems very clear as to whether this levelling-up process will mean that the poorer provinces, because they receive more under the formula now in existence, will be levelled down, and thus receive less per capita than they do now; and that the so-called wealthier provinces, which now receive less under the formula, will be levelled up so that they will receive more.

Senator Connolly (Ottawa West): Honourable senators, there are a couple of questions I should like to ask. While I did not hear the whole of Senator Thompson's remarks, those that I did indicated that he was introducing a very complex piece of legislation. Any legislation which deals with fiscal sharing between the provinces and the federal authority, as we know from our experience over the years, is very complicated legislation.

● (1550)

Senator Thompson has earned the gratitude of all of us for the painstaking way in which he has introduced this bill. In the main, insofar as the subject matter of the bill allows him to do so, I think he has also done it very clearly.

The point raised by Senator Smith is a perfectly valid one. It has always seemed to me, and I am sure to all honourable senators, that in this matter of attempted equalization of grants to the provinces for certain programs in the fields of health care, education, and perhaps others, the objective or the purpose that all seek to achieve is a national average that will apply across the board in all provinces on a per capita basis. As Senator Smith said, however, sometimes the absolute requirements of universities, or even of medical establishments, in smaller provinces are greater than what could be worked out through the application of a formula which would impose a national average on a per capita basis.

I take it, from what Senator Thompson has said, that the provinces have conferred and collaborated extensively with the federal authority to reach the formulae which have been embodied in this legislation, but I think the point raised by Senator Smith is one which we should investigate thoroughly in committee, because it is important to the smaller provinces that are perhaps at some risk with regard to the amount of the absolute grants or transfer payments, or even point concessions, that they achieve through this bill.

There is one problem, however, in connection with this type of legislation that has bothered me for a long time. I may be simplistic about this and there may be a very good reason for doing it this way, but, certainly, when it is done this way, the complicating factors are greater than if it were done in a more direct way. Senator Thompson, as I understood his remarks, said that some of the benefits that are to flow to the provinces for these programs are to come from the withdrawal by the federal authority from certain areas of the taxing field. In other words, there are certain tax points that are to be given over to the provinces, whereby they can levy the tax to do the job that is required.

Then there is the aspect of the benefits that a province is to get, which will flow from the cash grants that the federal government is to make to the provinces on the basis of the formulae set out in the bill. This means, of course, that the federal authority, which has no revenue or money of its own except what it collects from tax sources, is going to tax for this money and, in turn, hand it over to the provinces. I often wonder why, in this field of federal-provincial relations, it could not all be done one way or the other. Personally, I think that a withdrawal from the field of either personal income tax or corporate income tax, or whatever other element of the tax field is to be turned over to the provinces, might be a way of achieving a result that would be similar to the one that would take place if there were this mix. Instead of this mix of cash grants for one part, and withdrawal from the fields of taxation for other parts, it might be that the federal authority would feel it should retain a certain control over the ability to tax for these purposes, since it is the central and dominant authority. Also, it may be that the provinces do not want the full authority to tax in these fields, because the imposition of taxation by government is always a difficult exercise. It creates political problems for the government; it makes it possible for people to criticize a government for overtaxing in certain fields, and for having extravagant ideas about what should be done in connection with some of the programs that are to be affected by this proposed legislation.

It seems to me that these are considerations which we might well carefully examine in committee. I hope this bill is referred to one of the standing committees of the Senate if it receives second reading. I look forward to cross-examining the witnesses at that time, and, if the minister is there, to discussing some of these points with him.

Senator Thompson: To answer the question put by Senator Connolly, one of the things which I see as a benefit when room is being given to the provinces in the tax-sharing field is that the provinces themselves are going to be taxing for services which they provide. The harmony between the federal government and the provinces does not arise solely from handing over to them some of the tax field. The tax fields of some of the provinces are not as remunerative as those of others. For example, Prince Edward Island gets $4 while other provinces get $10, so there has to be a mixture of cash payments, and I think that this combination is one of the illustrations of compromise in Canada. You will recall, perhaps, that the

treasurer of my own province asked for 20 tax points alone, and nothing else. Naturally, there were other provinces which said, "No, hold it. This is not fair. The richer provinces are going to do very well out of it, but the poorer ones may not do so."

Senator Grosart: On a point of order. Is the honourable senator closing the debate?

Senator Langlois: He was answering a question put by Senator Connolly.

Senator Grosart: He was not. He was making a speech. May I ask Senator Thompson if the provinces agreed to the provisions of this bill?

Senator Thompson: I think the answer is yes. Certainly there were conflicts over some parts of it but, on the whole, there was agreement by the provinces.

Senator Flynn: Did they have a choice?

Senator Thompson: Yes, I think they did. They could, for example, have held up the hospital program. The very fact that they took 18 months over it shows that this was not something that was pushed on to them. There were 18 months, or even more, of hard bargaining, and this indicates that it was not a case of one party saying, "Take it or leave it." If that had been the case, the federal government, as I suggested, could have done this 18 months ago.

Senator Grosart: My question—and I think it is susceptible of a yes or no answer—was: Have all the provinces agreed to the provisions of this bill?

Senator Thompson: I would say yes.

Senator Smith (Colchester): Honourable senators, I think I had better move the adjournment of the debate pretty quickly. However, I did hear the phrase "co-operative federalism" from the other side of the house, but it appeared to me that in relation to this bill "compulsory federalism" might be a more appropriate expression.

I now move that this debate be adjourned.

On motion of Senator Smith (Colchester), debate adjourned.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

March 29, 1977

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 29th day of March, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière,
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

• (1600)

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Old Age Security Act.

The Honourable James Jerome, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1977.

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 30, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the calendar year 1976, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the National Energy Board for the year ended December 31, 1976, pursuant to section 91 of the National Energy Board Act, Chapter N-6, R.S.C., 1970.

Report on the administration of the Public Service Superannuation Act, Parts I and II, for the fiscal year ended March 31, 1976, pursuant to sections 36 and 49 of the said Act, Chapter P-36, R.S.C., 1970.

Report on the administration of the Supplementary Retirement Benefits Act for the fiscal year ending March 31, 1976, pursuant to section 11 of the said Act, Chapter 43 (1st Supplement), R.S.C., 1970.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between Kelly, Douglas and Company, Limited and the group of its warehouse and retail store employees, represented by the General Truck Drivers and Helpers Union, Local 31. Order dated March 28, 1977.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING BILL, 1977

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Thompson for second reading of Bill C-37, to provide for the making of certain fiscal payments and of established programs financing contributions to provinces, to provide for payments in respect of certain provincial taxes and fees, and to make consequential and related amendments.

Hon. George I. Smith: Honourable senators, I thank you for your very warm welcome. I hope, when I am finished, you will not be equally glad to know that I have finished, and I hope you will not regret that I have spoken.

I wish to mention a couple of things that have nothing whatever to do with this bill, and I hope no one will object. I heard some moments ago that perhaps tomorrow, or at some future time, we would have a clearer conception of the metric bill. I must say that seems to me very much like a pious hope that is unlikely to be fulfilled. Although it may be perfectly clear to many, including some of my colleagues, I am not at all sure that when my tenure in this place is over I shall have a clear conception of that bill.

The other point is that I understand that some committees to which I belong may sit during the sitting of the Senate this afternoon, and I just wish to express to them my sympathy for the fact that they will, therefore, have to miss the eloquent and useful contribution that I proposed to make.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): I should like to begin by congratulating Senator Thompson on his presentation of the government's position in support of this bill. I recognize without any reservation that he must have given to that presentation a great deal of study and hard work. In a moment I shall explain, perhaps at greater length, why I think that. I appreciate the manner in which he presented this bill. This is complex legislation, and in my opinion he presented it very well indeed. I say again that I congratulate him, not only on his presentation but on the great amount of energy I know he must have expended in preparing that presentation.

I am forced to express some dissent from some of the views he placed before us, but I want him to know that in so doing I am not in any way quarrelling with what he said, but rather with the people whose activities resulted in the formulation and presentation of this bill to the other place, and in due course—rather belatedly—to us.

It is indeed a difficult and complex bill, but there is no need for it to be so. I think Senator Thompson's comment in this respect—and I am sorry to see these eminent gentlemen going to committee having to be deprived now of the benefit of my dissertation—I think that his description of the bill as one which would capture the esoteric imagination of chartered accountants and actuaries is absolutely correct. But I cannot possibly think of anybody else whose imagination could conceivably be captured by this bill, or of anybody else who could really understand it except possibly some who over a long period of years have been brought up and nurtured on, and have experienced, the workings of the various federal-provincial fiscal arrangements acts which have been in effect over the last 20 years.

The honourable sponsor said—and I do not disagree with him—it is unfortunate that in such a bill it should be necessary to include algebraic formulae and cube roots, but I do find some sadness in my heart to realize that immediately after saying that he commented that there was no alternative to writing them into the law, meaning that there is no alternative to writing the law so that people cannot understand it. I disagree with him most vigourously, not because I wish to disagree with him but because I disagree with the proposition that there is no alternative to writing a law so that people cannot understand it. I believe that parliamentarians should not accept with complacency the concept that complexity and obscurity are inevitable in the legislation that we consent to, that we pass and eventually ask be given royal assent. I believe that the time has come for all parliamentarians, at all levels, to be prepared to stand up and say that if we do not understand a bill we cannot expect the people whom it affects to understand it, and we will not foist it upon them.

Some Hon. Senators: Hear, hear.

● (1410)

Senator Smith (Colchester): Somehow, over the years we have allowed draftsmen—and they are able, honourable, decent and well-meaning men and women—to develop a jargon and a system of their own which, beginning at a time and from a base which could be understood by lawyers, at least, as well as accountants and some other trained people, has got now to the point where my honourable friend who presented this bill to us for our favourable consideration has to say that it captures the esoteric imagination of accountants and actuaries and, by implication if not in fact, say he does not understand it, we do not understand it, and we should not aspire to understand it, but let it go because it is inevitable. In my opinion, that is indeed a sad commentary on what many people are now beginning to say is the ascendancy of bureaucracy over democracy, that we are rapidly becoming subject, in a very real way, to the rule of bureaucrats rather than the rule of democrats—and as I am not in the United States, it is safe for me to use that term.

I say again, it is important that they be restrained from this method of drafting the law so that no one can understand it but themselves, though perhaps specially trained accountants and lawyers can understand it sufficiently to argue among themselves as to what it means.

Senator Phillips: How much training do they require?

Senator Smith (Colchester): A very great deal. Surely this is one of the symptoms of today that makes government more and more remote from people, that causes people to have less and less sympathy with their government—and particularly, if I may say so, ours, and perhaps that sympathy, or lack of it, will be displayed in due course.

Surely if governments want to be close to the people, and hope people understand what they are doing, they should insist that the legislation which they present to Parliament should be understood by themselves, should be capable of ready understanding by the legislators to whom it is presented, and should, with a modest amount of effort, be understood by the subjects to whom it applies.

I venture to say that asking draftsmen to put legislation in an understandable form is not asking too much. Surely he who has the greatest command of language is the person who can explain difficult concepts so that all of us can know what that concept is and what its results are likely to be, or at least may be.

In my opinion, there is here a challenge, first, to the draftsmen to devote themselves to a kind of drafting which tells the story of what the law means so that you and I can follow it, and so that others to whom it applies can follow it; and also a challenge to those of us who have to pass upon draft legislation and to seek royal assent to it, to ensure that we can understand it. It is therefore also a challenge to us to reject it when we do not understand it. It is no longer an acceptable method of procedure for parliamentarians to say, "Well, I do not understand it, but I guess Bill does. He thinks it is all right, so let it go." That is a dangerous concept, one that has led to the undoubted situation where governments of most political stripes in democratic countries have reached the point where they are not really in touch with those whom they govern and to whom the legislation applies.

I believe that any legal concept, whether or not it imposes a tax or deals with the transfer of payments between governments or between persons, can be expressed in simple language. I do not believe there is any legal concept that cannot be so expressed, and I think it is time we all looked very carefully at that proposition. At least, if upon examination honourable senators do not agree with it, they might come to the conclusion that it has a good deal of validity and should have very few exceptions to it.

● (1420)

When we must use, as Senator Thompson quite correctly said, formulae and cube root calculations to express relationships between governments and between governments and people, we have indeed come to a pretty pass. I am not now criticizing our educational system, but how many of us are proficient at utilizing algebraic formulae to determine our everyday actions? Do we use algebraic formulae to determine what we shall buy, what we shall sell, or what course of action we shall follow? Of course not. If somebody said, "Before making this decision you had better get the cube root of 125" we would tell them where to go, and perhaps some of us in more vigorous language would tell them something else. Why should we not have the same attitude towards those who draft for us and present to us this kind of law to impose upon our people?

Honourable senators, do you want to be told that your taxes or your government expenditures are going to be determined by algebraic formulae or cube roots, or some other form that you don't understand? I would ask you, if you will, to turn, for what I hope will not be very long, to one or two provisions of the bill just to illustrate my point. I know that every senator has read these provisions and I hesitate to ask you to do so again, but perhaps you might indulge me enough to turn to

page 21 of the bill and look first at the reference to the Income Tax Act. I could look at many different parts of the bill for the same reason, but this one will illustrate my point. Looking at page 21, clause 20(2)(a), in order to know what it is all about you have to turn to the Income Tax Act, because paragraph (a) says:

> 75% of the amount, as determined by the Minister, that would be derived from a tax, computed in accordance with the Income Tax Act.

So you cannot look at this bill and know what that means. You have to determine what the tax would be computed in accordance with the Income Tax Act, and that is not an easy job in itself. The Income Tax Act is another act that I would not be able to commend for its clarity. As you go down the page you see the Income Tax Act mentioned at line 40 and line 47, and in many other places in the bill.

Looking at this bill to calculate the very important things it means to governments, and therefore to people, one cannot even understand what it means; you have to turn to another act. Just turn over the page and look at the left-hand column on page 22. One can see the same thing in the right-hand column if you wish to read it in French. After outlining how this thing shall be computed, this payment, this obligation, the bill goes on to say:

> equal to the product obtained by multiplying
> by the tax otherwise payable, within the meaning of paragraph 120(4)(*c*) of the *Income Tax Act*, under Part I of that Act on those incomes;

Who here knows what that means? Will Senator Thompson volunteer to tell us? Do any of those documents, which I am sure he read so carefully before he made his presentation to the Senate yesterday, give him the information? I venture to say he could look for many and many a long day and night before he found that answer. Yet that is only one small sample of the complexities we find in this bill which means so much to our governments, and therefore to our people.

Honourable senators, I am about to leave this point, you will, I suppose, be glad to know, but before I do so I should like to pose this question and try to answer it.

What should be the philosophy in drafting legislation, and what should be the philosophy of legislators in passing or rejecting it? Should the philosophy be that as long as it is understood by a select and very specially trained few it is all right, that we should let it go and somebody will know what it means? Or should the philosophy be that it must be understood by the people who have to live by it, by the people who have to bear the burdens it imposes? Again I ask: Is it any wonder that people feel helplessly caught up in things they do not understand when we foist upon them this kind of legislation. My answer is that it is no wonder they feel that way. Surely it is time parliamentarians at all levels began to say, "If I don't understand this I won't pass it," and send it back to the draftsmen, telling them, "When you can tell the story so that I can understand it I will try to exercise my judgment upon it." Incidentally, perhaps I should here say, just in case you think I am going to vote against this bill or urge other senators to vote against it, that the circumstances are such that I have no choice but to support it, and I have no choice but to avoid asking others not to support it.

I pass now to another point. I should like to draw your attention to another basic objection to this bill. For about twenty years now we have noticed a new development in legislative decisions. Here we are dealing with a form of legislative decision that has been made outside Parliament, over which Parliament has absolutely no effective influence or control, over which legislatures throughout Canada have had, and will have, no effective influence or control. It is legislative decision by a federal-provincial conference, which by its nature includes only first ministers and two or three selected ministers from each province.

● (1430)

I say it is no use asking Parliament to make any substantive change. Parliament now, in relation to this kind of legislation, is simply a rubber stamp which is useful only for imprinting upon the bill those formalities which make it law. It cannot change any substantive part of it, and it will be of no use for it to try. I say in the last 20 years or so we have been witnessing the development of this kind of extra-parliamentary legislation, over which Parliament and legislatures have no control. It is a new kind of law-making in Canada. I do not mean it is new today, because it has been developing, as I say, over 20 years. I repeat that it has no contribution by Parliament or by legislatures; it has no contribution by people; and it has no contribution by organizations which are well informed and well able to contribute useful views to the manner in which federal-provincial relations should be established and carried on from the point of view of what is good for the people.

The supporters of the government, contrary to most situations—at least, I hope most situations—have no opportunity to make a contribution. The opposition, certainly, has no opportunity to make a contribution. Indeed, no member of Parliament, unless he be in the Privy Council or the Executive Council as the case may be, has any opportunity to make a real contribution to this kind of legislation. The rights of Parliament and of legislatures—when I say "Parliament," I really include all legislative bodies—are being eroded and, I believe, have been almost completely eroded in connection with this kind of legislation—that is, legislation dealing with relations between the federal government and the provincial governments. Thus the rights of people to speak and to decide through their elected representatives are being eroded or avoided completely. Democracy, as I thought I knew it and I suspect and believe all senators thought they knew it, is being completely avoided and, being avoided, thus is eroded.

What happens? Here I do not speak from the standpoint of any guessing game; I know what happens. I participated in those happenings over a great many years. What happens is that the first ministers, as I said, of each government and two or three others, perhaps, having taken the advice of their colleagues in government, perhaps having noted the views of the members of the legislature and perhaps not, perhaps

having noted the views of the public and perhaps not, sit around a table—it used to be over in the West Block and now it is down in the old Union Station—and decide the fate of the country in a couple of days. Even that may well be an exaggeration, because those decisions may be made not there, but at a dinner table at 24 Sussex Drive. I am now not complaining about the present Prime Minister; I am just saying that is what happens. I have been there under more than one prime minister.

Senator Flynn: You are lucky.

Senator Smith (Colchester): Well, I am not sure. There is one I would have preferred to have been under for a long time.

Now, you may ask me, honourable senators, and with a good deal of validity, "What are you making a fuss about now? If you were there all those times, why did you not make the fuss there?" Well, it would have been very much like trying to make a fuss now. That was the way it was done and that was the way one realized it was going to be done, come so and so or high water. A good many of us did not like it and I was one of them but then, as now, that was the accepted way to do it. So I took part in that way, because that was the only way that one could. But surely, honourable senators, there must be a better way, one that is more consistent with the supremacy of people through their representatives and more consistent with the rights of Parliament and the legislatures.

Surely, at least, there should be a previous debate in those institutions as to the principles their representatives shall follow as they sit around the bargaining table—and that is what it is—at one of these conferences. Surely governments should receive the clear instructions of the legislature they represent, or the Parliament they represent. Thereby they might receive the instructions of the people of Canada as to the parameters within which they may bargain. It should also be clearly understood that the decisions reached are, indeed, subject to confirmation by Parliament and the provincial legislatures. This would not only give the people of Canada some real voice through their representatives, but would prevent further erosion of the rights of Parliament and legislatures, at least in this respect.

In my opinion, it is also very important that it would surely help to strengthen the stand of smaller provinces, because it would tend to encourage a general understanding throughout the country of what is being done, what is at stake and whose ox is being gored. It might result in better decisions, better arrangements, fiscal and otherwise, and better government. It would, at least, bring matters out into the full light of public knowledge.

I hope that clock was well advanced before I started; I notice it is getting along.

Senator Buckwold: It seems to be awfully slow.

Senator Smith (Colchester): I thought it probably did, although I must say, speaking for myself, the time has gone rather rapidly.

I come now to another point, which in my opinion is of very great importance and where I have to disagree with Senator Thompson, not because I think he said anything he did not believe, or said anything which was not well founded upon the information which was given to him, but because I think it is incorrect. I say this in criticism of the government's position, not that of Senator Thompson. In his speech he said, in effect—and I am paraphrasing a little, but I believe this to be the impression he wished to convey, and did convey—that the bill before us represents something to which the provinces had agreed. Now, I do not intend to base my disagreement on an allegation that the provinces did not agree in the sense that finally they said, "Well, what's the use? We had better take it," but I am going to say that there was no true agreement, no true willing meeting of the minds.

● (1440)

Before I embark on those comments, which I think show there was no such meeting of minds, perhaps I should ask honourable senators to look at page 600 of yesterday's *Hansard*, where Senator Grosart asked Senator Thompson a question related to this. Senator Grosart said:

> May I ask Senator Thompson if the provinces agreed to the provisions of this bill?

And Senator Thompson replied:

> I think the answer is yes. Certainly there were conflicts over some parts of it but, on the whole, there was agreement by the provinces.

The record continues:

> SENATOR FLYNN: Did they have a choice?
>
> SENATOR THOMPSON: Yes, I think they did. They could, for example, have held up the hospital program. The very fact that they took 18 months over it shows that this was not something that was pushed on to them. There were 18 months, or even more, of hard bargaining, and this indicates that it was not a case of one party saying, "Take it or leave it." If that had been the case, the federal government, as I suggested, could have done this 18 months ago.
>
> SENATOR GROSART: My question—and I think it is susceptible of a yes or no answer—was: Have all the provinces agreed to the provisions of this bill?
>
> SENATOR THOMPSON: I would say yes.

Let me say again that I am not going to dispute the technical accuracy of that answer, and I repeat that I have no doubt at all that Senator Thompson gave it in absolute good faith. But I say that in many cases if there was agreement, then there was agreement under duress; it was the kind of agreement that those who agreed or some of those who agreed, if they did, did so not willingly or because they thought it was fair, but because they thought there really was no other alternative whatever. In support of this, let me refer to a number of articles in the press in December 1976, not because I am advocate of believing everything you read in the press—in fact, on another occasion I might argue that one should take it with a very large grain of salt, and indeed I would be prepared to say the same about these articles, but when there are so many and all of them saying the same thing, as you will

see, there is some reason to believe that there is probably a measure of truth in what they say.

The first I would like to refer to is from a paper with which I am, of course, very familiar, the *Chronicle Herald* of Halifax, dated December 14, 1976, and it starts out by saying on the front page in a large red headline: "Financial Talks Deadlocked," and a lesser headline: "Ottawa May Take Unilateral Action," and then in the third paragraph it says:

> Federal negotiators were spreading the word Monday night—

That would be the night before

> —that unilateral action may be in the cards unless the provinces soften their one for all-all for one stand on long-stalemated tax talks.

And then follows a considerable dissertation along that line.

On December 15 there was an article in the Montreal *Gazette* which quoted Mr. Lévesque, Premier of Quebec—and Quebec was a province of Canada then as it is now—and it said in a minor headline: "Quebec 'gypped' in new revenue deal: Lévesque," The lead paragraph reads:

> The federal government pushed the provinces into a new revenue-sharing pact yesterday, despite angry protests by Quebec Premier René Lévesque that Ottawa was stealing $110 million a year from the province.

It seems to me that it would be pretty hard to say that Mr. Lévesque was expressing willing agreement to the provisions of this legislation.

Then on the same day the Toronto *Globe and Mail* had an article which said more of the same thing under a minor headline: "Quebec robbed, Lévesque says of conference." Under another headline, the *Globe and Mail* referred to some comments by Darcy McKeough, the Provincial Treasurer of Ontario, who certainly did not indicate any very great enthusiasm for what had happened.

Then the Ottawa *Citizen*, on December 15, 1976—the page does not appear to have a number, but it is a quite prominent page—had a headline: "Brief, bitter flare ends money talks," and underneath that: "Spirit of Scrooge discerned in PM."

Senator Perrault: Bah, humbug!

Senator Smith (Colchester): There is also a photograph of the Premier of British Columbia, with the caption: "Bennett blew his stack." In the accompanying article the following appears:

> Mr. Bennett blew his top when Mr. Trudeau suggested that premiers were something less than good Canadians for opposing the federal offer on tax redistribution.
>
> Later, Mr. Bennett rebuked his fellow premiers for not fighting the federal proposals hard enough, telling reporters "if you come to the conference on your knees you are always on the floor."

This was the day after the conference. Well, that still does not look like agreement, certainly not willing agreement, to me. The day after the conference the premiers of two of our major provinces are quoted in this fashion in the same paper on the same day.

Senator Perrault: They are not very demonstrative, that's all.

Senator Smith (Colchester): Who is not demonstrative?

Senator Perrault: Some of the premiers.

Senator Smith (Colchester): Apparently, Premier Bennett was, and I did not notice any inhibitions in the remarks of Mr. Lévesque.

In the same paper—that is, the Ottawa *Citizen*—of the same date, and on the front page, there appeared this headline: "Premiers head home cursing federal government." That does not look as if they are saying, "Everything is rosy, boys."

Senator Perrault: It must be a Tory newspaper.

Senator Smith (Colchester): It says "premiers," and I don't think there are too many Liberal premiers in Canada, so it cannot refer to those. In addition, I did not know that the *Citizen* was particularly partial to Tories. However, I may learn. In the article it says this:

> Unhappy premiers went home Tuesday from a two-day federal-provincial conference with $680 million in additional taxing power and grants but complaining they were short-changed by the federal government.

Does that sound like "willing agreement"?

> The premiers, some bitter and dismayed, accused Prime Minister Trudeau of intransigence and inflexibility for refusing the tax-sharing deal they unanimously demanded.

Well, honourable senators, I don't know how much reliance one can place on such articles, but I do notice that some provinces have revised their rules of evidence so that evidence of newspaper articles may be given in court for certain purposes. While, as I say, I reserve the right to be as skeptical as anyone about press reports, I find it pretty hard to bring myself to believe that all these reports would have occurred the day after the conference if things had been as rosy as Senator Thompson was informed.

• (1450)

However, I do not rely entirely on newspaper reports. Yesterday the Minister of Finance of Nova Scotia made his budget speech to the Legislature. While I do not have an official copy of it, I took the trouble to telephone Nova Scotia and have read to me some of what seemed to be the relevant portions of that speech. Subject only to the accuracy of what was reported to me over the telephone, and my ability to see that it was properly recorded, one of the paragraphs that the minister used when bringing down his budget officially to the Legislature of Nova Scotia is as follows:

> I may also add that the decline of revenue guaranteed payments to the province reflects the intransigence displayed by the federal government in allowing this important revenue item to end with the expiry of the 1972 Fiscal Arrangements Act on 31 March, 1977.

Does that look as though this province, or its Finance Minister, who was certainly present at the conference—

Senator Perrault: He was one of your students in Nova Scotia.

Senator Smith (Colchester): —assented to it? What did the Leader of the Government say?

Senator Perrault: He was one of your students.

Senator Smith (Colchester): He was not one of my students. He was one of my greatest critics. I suppose I have spent more hours defending myself against his criticism than against the criticism of any half dozen persons in Nova Scotia. Here, unsolicited by me, and unknown to me until he made it, is his comment:

> —the decline of revenue guaranteed payments to the province reflects the intransigence displayed by the federal government in allowing this important revenue item to end with the expiry of the 1972 Fiscal Arrangements Act on 31 March, 1977.

I continue the quotation:

> In future provinces will be insulated for one year only from any income tax losses resulting from changes to personal income tax introduced by the federal government. It is clear, Mr. Speaker, that these new arrangements—

As I understand it he is speaking of a wide range of arrangements.

> —replace the 50-cent dollar for new health and higher education programs, and while the immediate result is not unfavourable, unless costs are contained to the new revenue levels the result must inevitably be the increase in provincial taxation in future years.

While I suggest all this leaves the question very much in doubt—that is, the question whether there was any really willing agreement by the provinces, and one could resort to many other quotations if one wished—I think it is not unreasonable for me to ask, and ask very seriously, whether there is any real evidence that this agreement we are now asked to sanctify by legislation was reached willingly by the participant governments or whether it was forced upon them, and whether it is not true that many of them at least agreed under duress.

On another point, as I understood Senator Thompson, he said that these arrangements—I suppose he referred particularly to tax points or tax room vacated by the federal government and allotted to the provinces—represented a great triumph of decentralization and that it indicated the willingness of the federal government to decentralize.

I suggest that the best that can be claimed for this is that it is a decentralization of the right to raise taxes. To me it seems simply an effort by the federal government to make sure that if someone has to raise taxes it will be someone else, and that does not seem to me to be something that a member of this house or the House of Commons from any province should rejoice about.

There is another serious matter that seems to remain in doubt. Honourable senators will recall that yesterday I asked about the real meaning of the levelling provisions in clause 21 of the bill, and especially the portions which appear on pages 21 and 22 of the bill. I asked whether it meant that the levelling process would be of such a nature that it would likely increase the costs of individual provinces. My question will be found on pages 598 and 599 of yesterday's *Hansard*. I should like to refer to that briefly, because it sums up my problem, which I hope is not the problem of some provinces but which I believe may well be. Here is part of my comment on page 599:

> What troubles me is that no one seems very clear as to whether this levelling-up process will mean that the poorer provinces, because they receive more under the formula now in existence, will be levelled down, and thus receive less per capita than they do now; and that the so-called wealthier provinces, which now receive less under the formula, will be levelled up so that they will receive more.

As I understood Senator Thompson, he was not prepared to answer that question categorically.

The more I look at this, the more it seems to me that there is grave doubt about what it means and the more the feeling within me grows stronger and stronger that it means that the advantage to the less wealthy provinces inherent in the present formula—that includes not merely my province but, I should think, some seven of the provinces of Canada—is going to be wiped away.

While I think it may not be appropriate to move any amendments at this stage of the bill, I should think that if this bill goes to committee, as no doubt it will, it might well be appropriate to move that it not be reported by the committee until there is a schedule presented, to be attached to it and form part of it, which shows how this levelling process would likely affect, and perhaps indeed would absolutely affect, each of the provinces of Canada over the duration of this legislation, which is five years.

Honourable senators will be happy, I am sure, to know that I am reaching the end of my dissertation. I want to say a word or two about the importance of the equalization formula. Some of those who are present will undoubtedly recall the bitter battles waged by the provinces over a period of 20 years—perhaps longer than that—to obtain some kind of equalization formula. Under the regime of Prime Minister Pearson—I give him full marks for this—a tax structure committee was appointed. It went into this problem at great length and came up with a formula that is the basis of the formula in today's legislation and in the legislation now before us. Perhaps I am unduly prejudiced by the fact that I participated in those deliberations, but at least we did get that committee to accept a proposition that had never before been accepted. It was that every province of Canada should be put in a financial position to supply to its citizens a level of public services at least equal to the national average without a greater than national average burden of taxation.

● (1500)

While the committee was unable, because the federal government was not prepared to adopt the principle completely, to go all the way towards adopting that principle, it did go a long way. I should just like to tell honourable senators that when I asked the then Minister of Finance, who was chairman of that committee, why the committee report was not prepared to go all the way to accept that principle, including, as it now has, the ability to raise taxes by taxes on real property he said, "Well, we just can't pay for it." In later years, however, they have come to adopt the principle very nearly in full. There are still some modifications of it and some parts of it that can be improved.

While I criticize parts of the bill—and you have heard me criticize quite a number of things today—I do want to emphasize that whether or not the equalization formula is satisfactory, equalization is a fundamental necessity for keeping Canada together. It is a fundamental necessity to enable the less wealthy provinces of Canada to provide a reasonable degree of public services to their citizens without an unreasonable degree of taxation. I therefore want to emphasize as vigorously as I can that, whether or not one agrees with the equalization formula in the bill, one should unreservedly adopt the principle of equalization as a fundamentally necessary requirement for a united Canada.

Honourable senators, I wish to thank you for listening so patiently to me. I tried to do something I have not done before, except on rather minor occasions, and that is to speak without any text. I can readily see by the clock that that was a poor decision, because when one has a text one knows when to end, but in speaking without a text, and not watching the clock as well as I should have done, I have been a greater burden upon your patience than I otherwise would have been. I accordingly thank you even more than I would ordinarily for your patient attention.

Hon. Henry D. Hicks: Honourable senators, I should like to participate briefly in the debate on second reading of this bill.

I have followed all these negotiations over the past several years with a great deal of interest because of my own experience, having, like Senator Smith (Colchester), been on the other side of the negotiating table some years ago on federal-provincial fiscal arrangements. I must frankly confess that because of my involvement in post-secondary education at the present time I shall focus my attention on the effect on post-secondary education that these legislative changes may have.

I noted with interest the projections made in the background paper prepared for the Federal-Provincial Conference of Finance Ministers, held December 6 and 7, 1976. They showed, rather interestingly, that the support of these established programs by the federal government had increased gradually from the 1972-73 fiscal year to the 1976-1977 fiscal year from a total for the shared programs in health and post-secondary education of something like $2.99 billion to $5.51 billion. Interestingly enough, the percentage of the gross national product that those figures represented remained almost constant during the period, falling from 2.84 per cent to 2.80 per cent.

A projection, which is not very well documented in this paper, was made as to what would have happened if the present formula were continued until 1981-82. It showed that the gross amount of money would have increased from the current year's $5.4 billion to $8.686 billion, and that did represent a slight increase in the proportion of the gross national product, to 2.89 per cent. If you take the figures for post-secondary education only, I am sorry to say that the percentage of the gross national product fell continually during the period of the past five years, and was projected to fall even more in the five years to 1981-82. In 1972-73, the post-secondary education proportion represented 0.966 per cent of the gross national product. In the current year it is estimated to represent 0.958 per cent, which is not much of a drop, but, disconcertingly to those concerned with post-secondary education, to project the present arrangement to 1981-82 the figure for post-secondary education drops to 0.838 per cent of the gross national product.

On the other hand, the new formula, showing the same projection, would indicate that by 1981-82 the three shared-cost programs would take 3.2 per cent of the gross national product, being about $1 billion more than would be paid to the provinces under a continuation of the present arrangement.

At first sight one would take heart at these figures and say this is a good thing if it is going to make available for these established programs moneys representing both a larger share of the gross national product and, at the same time, moneys representing about $1 billion in additional funds to support these programs. The catch, of course, is that this money will be made available under the arrangements with the provinces contained in this bill without any guarantee that the moneys will be used to support the particular programs concerned. This is what worries me about this legislation.

In his speech on second reading, Senator Thompson referred to the objectives of the new arrangements, which were set out in a paper first delivered at the June federal-provincial conference, and repeated at the one held in the fall. I need not read that again. Senator Thompson listed them verbatim at page 597 of *Hansard*. I want to refer to two of them and express my reservations on whether in fact these changes will achieve the objectives that have been stated. The third one is:

> —to give the provinces flexibility in the use of their own funds, which they had been spending in these fields.

This is fine; certainly we should give the provinces flexibility in the use of funds by transferring moneys to them with no strings attached. However, the moment we do that we play down the federal presence in these fields and play down the influence which the federal government will have on the policies relating to medicare, hospital insurance and post-secondary education. Frankly, this worries me. There ought to be a federal presence, and in my opinion the federal government is giving it away to the provinces, which I am not sure is necessary. We saw what happened when the present formula

for financing the post-secondary educational institutions became operative in 1967. A number of provinces, of which Nova Scotia was one, actually reduced over a three-year period the amount of money in absolute dollars which they were putting into post-secondary education. I believe a similar situation existed for a longer period than that in British Columbia. So, while we give the provinces greater flexibility in the spending of these dollars, we withdraw the federal presence—a presence which I think has almost invariably been a beneficial influence in support of these important programs, important to virtually all the people of Canada. So I have some fears that the objective of giving the provinces greater flexibility may be only at the expense of undermining the necessary support for programs which in my opinion are vital to the continued development of Canada and the health care and education of its citizens.

● (1510)

The fifth one of these is the next on which I wish to comment. It says "... to provide for continuing joint policy discussions relating to the health and post-secondary education fields." There have been developed over the years meaningful policy discussions in relation to the health fields, and I suspect that these may continue. However, I point out to you that there have been virtually no federal-provincial discussions relating to the federal presence in post-secondary education. I believe it is an idle hope for the federal authorities to believe that by handing over all the money to the provinces with no strings attached and at the same time saying that, in the national interest, they now wish to develop their input into post-secondary education by having more meaningful conferences and discussions with the provinces, they will be very successful in exerting any real influence. I am afraid that the old adage of he who pays the piper calls the tune will apply here and the provinces will be even less willing and less ready to discuss the problems of post-secondary education with federal authorities than they have been previously. Frankly, this worries me, because my experience in the field of post-secondary education has been to observe that the federal presence was just as valuable, just as responsible, and sometimes more so, and just as understanding of the problems of the universities, as that of the provincial governments whose interests seem to fluctuate more than those of the federal government. So I am a little worried that these objectives may achieve something other than the stated purposes in the document from which I have just read.

Finally, I am also a little bit worried by some of the federal thinking as reflected in a speech which the Minister of Finance made to the Canadian Tax Foundation in Vancouver on November 23, 1976. He resorts to a nice argument; I suppose that whoever thought of this must have been the apple of the minister's eye, at least for a while. Perhaps he thought of it himself. However, he says in this speech, referring to giving the provinces greater flexibility in the spending of their own money:

> If a province spends a dollar under medicare, for example, it receives a matching federal dollar. If a province finds a way to save a dollar, it gives up a potential dollar of federal sharing. The consequences for the provincial budget of spending the dollar are eased because a federal dollar is forthcoming. But when a dollar is saved at the initiative of a province, a federal dollar is "lost" in a sense. A formula that "untied" the federal contribution from actual spending by the province would tend to reverse the situation and encourage a more efficient delivery of services.

Well, I would not have concluded in the same way as the minister did. I would have concluded it by saying that it might very well tend to reverse the situation, but whether it would encourage a more efficient delivery of services I have very much doubt. I would be afraid that it would encourage the neglect of the provision of services as effectively as it might have been.

At another point in the same speech he used the expression, referring to the same subject, that there would be:

> —every expectation of agreeing to a more flexible and less costly arrangement long before 1980.

That is in connection with health care programs. Well, I do not think that if an arrangement is less costly it will be more flexible. On the contrary, it is more apt to put the services in a straitjacket because of the lack of funds and I suggest that those two quotes from the minister may, perhaps, give away a little more than the minister intended of the real intentions of the federal government. I am worried that the federal presence will not be taken note of in these arrangements and that, while the provinces may succeed in getting just as much or, indeed, if we can believe the projections in the December paper from which I quoted earlier, a little more money for these established programs, there is no guarantee that the programs themselves will be improved by these arrangements.

I certainly must support the bill at this stage and, indeed, I have confidence that, generally speaking, the bill may result in an improvement of services. However, I shall watch very anxiously in the years ahead to see how effectively the federal government can maintain its presence, particularly in post-secondary education and how the flexibility which is accorded to the provinces will, in fact, be used. Whether it will mean that money which has been traditionally transferred to the provinces in the expectation that it would go for the support of these established programs now may be pulled back to support other programs in which provincial ministers from time to time may have more interest is a very real fear that I have. I hope that I am wrong and that the future will see a confident development of these important programs, important to all the people of Canada.

Hon. Orville H. Phillips: Honourable senators, in speaking to Bill C-37 I have the feeling that I am speaking to something that has already occurred, a fait accompli or however you would like to term it. Provincial budgets are drawn up, I presume, on the basis that a certain number of the provinces will receive grants, and the majority of the provincial budgets have already been drawn up or presented. Within 48 hours

from now the federal Minister of Finance will be presenting the federal budget, and I hope that he at least gave some consideration to Bill C-37 in drawing up that budget. This fact that the federal budget will be presented within 48 hours presents an unusual situation. Perhaps, honourable senators, it is not that unusual. We in the Senate are often accused of rubber-stamping, or being required to rubber-stamp, whatever legislation comes to us. I would like to point out that in the case of Bill C-37, not only is the Senate required to rubber-stamp it, but the House of Commons has rubber-stamped it. I am not so sure that that is any deviation from the usual pattern. Also, the provincial legislatures have had to rubber-stamp it. No longer can anyone say that the Senate rubber-stamps legislation; every other legislative body in the country has rubber-stamped it.

Actually, honourable senators, if you stop and think about it, this has not been a bad year for the Trudeau government. It has now reduced the Senate, the House of Commons and the ten legislatures to rubber-stamping their will. Perhaps that is part of the new economic order that Trudeau was advocating last year.

I wish to thank Senator Thompson for his introduction of Bill C-37, and the presentation of his interpretation of it. I cannot say that I accept wholly, one hundred per cent, his interpretation, but I have no hesitation in saying to my good friend that I wish I had his delivery when presenting a difficult subject, and on that I congratulate him.

● (1520)

Senator Smith has dealt with a number of subjects which I intended to deal with. I do not enjoy rising and repeating an argument that has already been made. However, Senator Hicks rather surprised me when he rose and participated in the debate. For some reason, we on this side really do not expect anyone from the government side to speak on a bill. I realize that on many occasions government supporters are unhappy with legislation, and occasionally someone will voice objections. Honourable senators, I have great fun counting the number of occasions in which a Grit senator has voiced objections to government legislation and has turned up to vote accordingly, but I have yet to be able to give anyone a mark in that regard.

I should like to point out that Senator Hicks, as president of the university from which I graduated, used to review my marks. I now enjoy the situation where I can review his performance.

Senator Hicks: He really was before my time, honourable senators.

Senator Phillips: Senator Thompson, in introducing the bill, tried to relate it, as much as is possible with a technical bill, to the ordinary everyday situation, and I was thinking how I could continue in that vein. At this time of the year most people turn to the hockey playoffs, and comparing Senator Thompson's introduction, or, more specifically, Bill C-37, to a hockey game, I can only conclude, honourable senators, that the honourable gentleman scored a penalty shot on an empty net when the referee did not call for a penalty shot.

The sponsor of the bill, in reply to a question by Senator Grosart, stated that there was agreement from the provinces. Far be it from me to question a very definite statement such as that, but I am left in the difficult situation that I either have to question Senator Thompson or Premier Lougheed of Alberta. I would like to quote from a statement in which Premier Lougheed, as president of the premiers' association, summarized the meetings in these words:

> All the provinces are of the view that the proposal is inadequate, but a number of the provinces felt they were left with no alternative but to accept it.

Yesterday, Senator Smith described or, perhaps more accurately, referred to Bill C-37 as compulsory federalism. I would compare it, honourable senators, with Stalin's saying, "Chairman Mao has accepted communism." It is interesting to note that for the first time the provinces presented a united opposition to the federal proposals. The opposition was not presented because of Premier Lévesque of Quebec, but rather because the other nine premiers joined with Premier Lévesque in presenting opposition to the federal proposals. Honourable senators, I think this point alone merits consideration.

If you see me referring to a sheaf of handwritten notes, forgive me, honourable senators. This morning at breakfast I told my better half that I was throwing away my prepared notes, and would make several headings as I listened to the debate today and speak on them. She said, "Well, that's fine, I know you enjoy doing that, but don't be as long-winded as you usually are." I shall keep looking at my notes and attempt to delete things as I go along.

If I may return to the idea that there was agreement between the federal government and the provinces, I have to say there was no agreement. The provinces entered the final negotiation—that was the one in December—saying they were being short-changed by $900 million, and that is not a small sum, honourable senators. This attitude continued throughout the conference which was held in what I have in the past referred to as the third Parliament building—that is, the old railway station. There was no consensus until the final evening. The last item left on the agenda was a dinner at the Prime Minister's residence. During that dinner the Prime Minister, in what I suppose could be called a poker game between the provinces and the federal government, upped the ante—that is, one point personal income tax, plus one point corporate income tax. I shall have more to say about the corporate income tax later. After that there was no time, no room, for negotiation; it was, "Take it or leave it. The conference is over." I think that the provinces will have more than indigestion following that meal.

● (1530)

I would remind honourable senators that the clans of MacDonald and Campbell had some misunderstanding following a banquet, and the bitterness has lasted for years. I hope this is

not the case today. There is enough bitterness and confusion in Confederation as it is.

There is a myth or falsehood propagated by the federal government that the provinces, under this new act, are being more generously treated. We have repeatedly heard government spokesmen refer to the transfers that are going to the provinces. I sometimes wonder, honourable senators, if the Liberal government has not studied the Hitler-Goebbels regime, because they seem to orchestrate everything with all the skill used by Goebbels.

I should like all honourable senators to have a look at the charts presented to the House of Commons committee. This information was asked for by the honourable member for Kingston and the Islands. The charts must have been prepared by the same people who prepared the erroneous information that was conveyed in that multimillion-dollar advertising campaign for the Anti-Inflation Board. I would ask honourable senators particularly to look at chart 1, which shows the EPS cash and tax transfer. In the fiscal year 1977-78 this is shown as $6,460,000,000. Actually they go into all the detail, but in view of Senator Lang's remarks the other night, I shall limit it to round figures. In the year 1981-82 it is $10,457,000,000. On the surface this appears as an increase, as a result of the transferral of the 13.5 personal income tax points plus one corporate income tax point.

Honourable senators, what happens if we allow for an increase in GNP—and the bill ties the transfers to the provinces to GNP—plus inflation? I allowed for a 6 per cent increase in inflation and a 4 per cent growth in GNP. Perhaps I was low on inflation and high on GNP, but by compounding those figures we arrive at a figure of $10,405,000,000—which is almost identical with chart number 1.

This clearly illustrates that the provinces are not receiving an indexed transfer over the five-year period. They are essentially tied to the tax transfer of the past year.

I should like to ask the sponsor of the bill what rate of inflation and growth in the GNP was assumed when those figures were calculated? It is only fair to compare his alleged increased transfers to the provinces with other government expenditures.

Five years ago the cost of servicing the national debt was $444 for the average taxpayer; last year it was $822 per average taxpayer, which is almost double. The question then is: Did the transfers to the provinces double during that period? They did not.

Both Senator Smith and Senator Hicks have referred to part VI of the bill. They have both referred to hospitalization and secondary education, and therefore I shall shorten my remarks. Before I do so, however, I wish to point out that I make no apology for equalization, nor do I make any apology for asking for equalization.

I would illustrate my remarks by referring to a couple of things in my personal life. Take life insurance premiums. The corporate income tax of those insurance companies goes to the province of Quebec. Recently I bought a new car. The corporate income tax of the automobile company goes to the province of Ontario. Without customs regulations and protection I could have bought the same car in the United States for $600 to $800 less. Therefore, I do not feel that I, as a representative of the Atlantic provinces, am asking for any benefit. I honestly feel I am entitled to it.

● (1540)

The sponsor of the bill, Senator Thompson, stated that the transferral of the income tax points plus one corporate income tax point would give the provinces greater flexibility. I made some notes as he spoke, and he referred to flexibility, improvement, efficiency and so on. I cannot accept the view of Senator Thompson that the tax transfer conveys more money to the have-not provinces. He was honest enough to point out that it is not really 13.5 tax points that are being transferred; it comes down to about 9.13, if I remember the figures correctly. For post-secondary education the provinces already have certain tax points.

I wonder how someone who is getting less money will be more efficient, more stable, able to improve standards, and all the other nonsense that we have heard from the government? I would just remind honourable senators that last year the members of the Senate and House of Commons did not receive a cost-of-living increase. Were we more efficient last year when we did not receive the increase? If so, I do not think the members of the Senate or House of Commons, or anyone else, should have accepted that pay increase this year.

The Prime Minister, in a press release on June 14, 1976, stated that the tax transfer was a problem; the have-not provinces would not be able to maintain their present standard if this was carried out. Yet in December 1976, the Prime Minister proceeded with that policy, and in late March 1977 we are asked to approve it.

Yesterday Senator Connolly (Ottawa West) asked certain questions about tax transfer and tax points. I appreciated his questions very much. I would ask this further question: If it is possible to transfer tax points without the so-called federal strings attached, why is it not possible to do the same thing with cash payments?

On looking at my notes, I am wondering if I missed this point, which I particularly want to emphasize. A tax point is not the same in each province. In my own province of Prince Edward Island a personal income tax point is worth $4; in Senator Thompson's province it is worth $10. No doubt the honourable senator would say, "We will equalize them to the average level." The provinces, in their negotiations presentation wanted this equalized to the level of the highest province. As Senator Smith asked yesterday: Could someone please clarify what happens to those below the average line and those provinces above the average line?

I should point out that five provinces did not agree to or accept the changes outlined in clause 6 of the bill. Five provinces out of ten were given until February 15 to agree or disagree. The five provinces did not agree, and on February 15 the Minister of National Health and Welfare notified those

five provinces that the federal government was proceeding on its own. I believe "unilateral action" is the term usually applied.

If I might digress from the strict context of Bill C-37, I would point out that we have listened to all sorts of political theorists who argue that we should or should not repatriate the Constitution, as the case may be, say there must be some protection for the provinces. It is all very fine for Mr. Lalonde to say, "I have the approval of five provinces with the majority of the population in Confederation." If that is to be the new scheme, I am not so sure that I will not have doubts about Confederation.

● (1550)

This point alone makes clause 6 suspicious. It is a retreat from the basis of equalization. It is one to be watched and studied very carefully in the future. Again, I fail to see all the benefits mentioned by Senator Thompson in his introduction of this bill yesterday. I am not so sure that I wish Confederation to proceed with the Napoleonic retreat that the government has exhibited in clause 6 of this bill.

Senator Forsey: Honourable senators, I should like to adjourn the debate.

Senator Grosart: No, there are other speakers.

Senator Asselin: Honourable senators, if I have permission I wish to speak now.

Hon. Senators: Agreed.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I had prepared some notes concerning the substance and the technicalities of the bill before us but since that work was done very well by Senator Smith, Senator Hicks and Senator Phillips, I will put aside the remarks I had prepared about the bill itself. Rather, I should like to give you my idea and views on the political situation that Canada is now going through.

I think that in the month of February—February 18—the leader of the Conservative Party in the House of Commons, speaking about the bill that is before us, summed up the problem by saying this:

> We accept the arrangements which are before us, but we do not accept the atmosphere which has characterized the relations between the governments of this country for the last decade, arrangements of conflict, of confrontation and of controversy.

And he went on to say:

> If we are to retain the strength and the integrity of this nation, we must restore a sense of co-operation and of partnership.

Honourable senators, I think that quotation has a very great significance and that leads me to ask you as well as myself about the kind of federalism Canada is living now.

First, do we live in a unitarian state whose decision making powers belong only to the central government? Do we live in a federalist system in which all components participate in the direction of major decisions both politically and economically? Or do we face an aggressive, provocative, inflexible federalism which is now creating and has created in the past that tension between the provinces and the central government? And what about that wave of regionalism which is spreading across the country?

Is that not a strong enough indication to state that Canada in 1977 will have reached a state of political maturity such that its constitutional parameters in which we live now are obsolete, rejected by the majority of the people of Canada? What we need, I think, in this country now is that breath of clean air, that new oxygen which would give us a new start and characterize our evolution in all areas and meet the requirements of a modern country such as Canada is now. That brings me to some reflections concerning the new Canada we would all want to build together.

Honourable senators, several people were scandalized and are still haunted by the results of November 15 last when Quebec put its faith in the Parti Québécois. You will remember that during the election campaign I rose here in this house and cautioned honourable senators against a possible result in favour of the Parti Québécois and I predicted at the time that the Parti Québécois might get 35 per cent of the electoral vote on November 15. The final result was 41 per cent. I did not feel it was a pessimistic prediction because, of course, I have a rather optimistic frame of mind but I had pondered over the idea that nationalists in Quebec could one day explode to the point of electing an "independentist" government, a government whose object is to make Quebec independent. But I would never have thought that the nationalism to which we had referred so many times in the past, this Quebec nationalism, would be achieved with so much strength and conviction.

I recall, when I was a young member of the House of Commons, we often laughed about concepts of equality of the two cultures, we made a mockery as well of these slogans relating to two majorities, to a two-nation principle, to the motion of the two founding nations. We said and repeated to ourselves: We must ignore these facts or fight them. Some governments have decided to ignore them, but others have decided to fight them by confronting, I repeat, by confronting the provinces with an inflexible, uncompromising and often aggressive form of federalism. We have seen in the past that there were numerous meetings with the provinces, always with the same feeling of frustration. We have seen in the past that economic decisions were taken unilaterally by the federal government without consulting the provinces on extremely important issues. We have seen in the past that they refused on many occasions to give the province of Quebec the means to ascertain its own identity in the cultural field and in communications and immigration areas. As a federalist, I think it is a bad thing for us to remember this fight which French-speaking Canadians began to wage last summer and are still waging today because we would like to have not the privilege but the right to fly aircraft and speak in French whenever we are flying over the province of Quebec.

I do not wish to dwell on this sad moment of our history because I am convinced that the attitude taken by some federalists in this conflict is one of the main reasons which led Quebecers to act as they did on November 15, 1976, and to say to themselves: we are tired of fighting for the recognition of our rights in Quebec. Besides, the gens de l'air are still facing that same problem. Instead of ruling on this issue, they simply set up a commission to ascertain whether it was possible to fly an airplane and speak French in Quebec; whether Quebec pilots or pilots generally could fly over Quebec territory without speaking French. As I said, I believe that is what caused the deep frustration which Quebecers felt when they decided to vote for the Parti Québécois on November 15.

We often hear about decentralization. How many times has it been said that the provinces should have areas under their exclusive jurisdiction, and instruments, levers which they need to achieve the goals of their governments. They do not want to speak about decentralization. Of course after November 15 the Prime Minister of Canada could not miss the opportunity to say: "Well, listen, we will be more flexible in future. We will try to listen more closely to Quebec." But I say that these statements are, in my opinion, too little and too late.

● (1600)

Provincial priorities have been ignored when the provinces came here to meet with the federal government at federal-provincial conferences to discuss economic, cultural and political priorities. In general, provinces have always met with refusals. However, there has often been talk of constitutional reform. Yet in 1970 this government decided to establish a joint committee of the House of Commons and the Senate to study constitutional reform. This was the Joint Senate and House of Commons Committee on the Canadian Constitution.

In 1972, this committee submitted a report after visiting all large centres in Canada, after hearing all organizations interested in this issue and all municipal councils and public agencies.

The joint committee presented a report and submitted to the House of Commons an impressive number of recommendations which, in my opinion, were useful and necessary for Quebecers and Ontarians alike to feel more at home within a new and revised Constitution. Since this document tabled in the House of Commons contained, in our opinion, no chapter on Quebec in the sense that there was no mention of Quebec within a new Confederation, a new Constitution, Pierre De Bané, member of Parliament for Matane, and myself, wrote a minority report to try to inform our colleagues of the House of Commons and the Senate about the position of Quebec because, as I said, we believed that this report was incomplete since it did not deal with the question of Quebec, while the need for constitutional reform itself was, in our opinion, at the source of the dissatisfaction of Quebecers. We therefore prepared a minority report at the same time as the majority report. Of course, we were not allowed to table the minority report at the same time as the majority report in the House of Commons. Still the minority report was given relatively wide distribution throughout Canada.

In this minority report, we also made recommendations meeting the aspirations of Quebecers. I remember that we discussed the need for an authentic constitutional reform. With your permission, I would like to read one or two paragraphs from the report to show how important it was to submit this report. We said:

> Some may claim, through ignorance or to justify themselves, that within the present Constitution Quebec can act more or less as it pleases within its areas of jurisdiction and that it is up to the province to take care of all the areas it is entitled to.

Today we can hear federal politicians who will say: Well, Quebec has all it needs in the Constitution, let it use it, and then it will be able to meet its aspirations.

> This argument, which those who worry about possible changes may find reassuring, is (in our opinion) misleading.
>
> We find ourselves in the following situation. On the one hand, the Quebec community wants to assert itself, find its identity and operate under the full margin of freedom it enjoys within the Canadian structure; not only is this position strong, it is (and I repeat) here to stay. On the other hand, the basic legislation of our country, the Constitution, which should set the rules of the game and to which we should be able to refer in case of conflict, is out of date, antiquated both in its form and content, and especially ignorant of the existence of a distinct Quebec society.

This defect has consequences which we felt last November 15.

● (1610)

Now, here is the situation. Let us say there is a government in Quebec composed of Quebecers. One can therefore speak of constitutional reform. The Prime Minister of Canada has said, "Yes, I am willing to make constitutional concessions, but as far as I am concerned, I have nothing more to propose than what I have already suggested in Victoria, or elsewhere: let the provinces make their suggestions now." To my mind, that is a very easy way of trying to solve the problem. Or else, one adopts another attitude, that of being progressively more aggressive with the Quebec government. On the other hand, we hear such things in Quebec as the statements of Mr. Lévesque, and those of the Prime Minister of Canada, Mr. Trudeau, who attack each other, striking right and left, believing that the Quebec problem can be solved that way. For my part, I say that every time a federal leader attacks the Quebec government, thousands upon thousands of new separatists spring up in Quebec. To my mind, fighting the Quebec government will never solve the Quebec problem. Unfortunately, that is what is going on at this time. In addition, some seem to claim that federalism is the sole responsibility of the present Prime Minister, who in turn seems to want to make the issue part of his electoral platform, saying that he alone can save Canada when in fact it is just as much up to the leader of the

Conservative Party, the leader of the New Democratic Party, and each one of us to find solutions to save Canada.

We of the Conservative Party took a more flexible position. It is not that we were seeking the support of the Quebec government; we just want to be sincere with Quebecers themselves. We want to tell them that there is at least one political party in Canada which would like to discuss with them the claims of their province as far as culture, communications or immigration are concerned. Furthermore, our leader—I see that the government leader seems to deny this, but I would refer him to the speech which was made when he was lying in the sun in Mexico. He was far away. He was far from the Canadian reality. But perhaps we could refresh his memory, and I shall send him the speech the leader of the Conservative Party made in Louis-Hébert, where he indeed discussed this decentralization of powers not only as far as Quebec but also as far as the other provinces are concerned. Of course, since the Liberal Party has a major supporter in the person of Mr. Charles Lynch, staff writer of the Montreal *Gazette*, I would refer my honourable friend to Mr. Lynch's critique in which he says that at least there is a federal party which has some solutions to propose for Quebec and the other provinces.

Senator Perrault: A short speech!

Senator Asselin: In the March 25, 1977 issue of *The Gazette*—of course, Mr. Lynch is a close friend of the Liberals and perhaps he is going to convince the government leader that our policy has been accepted by at least—

Senator Perrault: You should read what the column said about your leader.

Senator Asselin: Naturally it is always easy—the government leader is opening a door for me. He says we should read what is said about our leader. He is opening a door for me. It is always easy for the Liberals to say after the Conservatives have chosen their leader, "Well, you know, we would have chosen somebody else. This one is like this or like that." We have heard that about Mr. Stanfield. We heard that he had much flexibility and a lot of judgment. But, listen, he does not do well on television. You should have another leader. And now they are telling us that we should have kept Mr. Stanfield, because, according to them, Mr. Clark cannot cut the mustard. This has always been the approach of the Liberal Party and that is why they have managed to mislead the Canadian electorate and stay in power in Ottawa during 40 years. But it seems to me that the Canadian people do not share the ideas of the Liberal tacticians.

It is my contention that a policy of confrontation and aggression towards Quebec is not the way to fulfill the goals and objectives of a united Canada.

The other day Senator Forsey, for whom I have tremendous respect, especially when it comes to constitutional law, rightly said that Quebec would not have the legal right to separate. Clearly it would not. But if we go on trying to solve constitutional problems on a legalistic basis, we will never succeed. The current conflict is so deep, so serious, that it must be solved at the political level, either by granting concessions or by discussions between the parties. I am in total agreement with Senator Forsey when he says, as he did the other day, that legally Quebec could not separate. It could not.

Senator Flynn: Neither could Rhodesia.

Senator Asselin: But we must consider political rather than legalistic solutions.

The constitutional debate should in my view be postponed momentarily; it should be taken away from politicians because the attempt now is to focus on one question, to polarize the issue. There should be a moratorium. We should refer the issue to experts, people of recognized credibility throughout the country, who could sit down and start drafting a new Constitution. I do not know if I make myself clear. What I would like is that we take the constitutional issue out of the hands of politicians, that we postpone the debate and refer it to people with a known expertise in constitutional law, people who would be viewed across the country as persons of wisdom, capable of sitting down and discussing objectively the problem of reviewing the Constitution.

Some people say the issue will be solved when the referendum comes. They say they will beat the referendum. Even if the referendum were beaten, this would solve nothing. The problem would remain unchanged. Even if we tried now all sorts of policies to convince the Quebec provincial government, we would be wasting our time. We will never convince the Quebec government. We must establish decentralization policies to convince the people in Quebec, because in their minds federalism is something that can be remodelled, adapted. We must not let them go on thinking we are imposing upon them some form of straitjacket they no longer accept.

Of course, it is getting late. I would have many more things to say about this. The government leader already indicated he intends to establish a Senate committee to sell federalism throughout Canada. I have the feeling that this formula would not be the best one, especially if it did not feature some solutions which the government house leader might have in mind. Therefore I say it is obviously our duty to deal with national unity. I have the feeling that we can realize that national unity, as I said, provided we set up a moratorium and that we entrust people who believe in Canada and are respected by Canadians with the task of drafting a new Constitution to meet the needs of all the provinces, and I am not referring only to Quebec.

I was in Alberta over the last weekend and I heard the Premier of Alberta, who has claims as well with regard to the federal government on various points concerning his province. If I had closed my eyes while listening to Mr. Lougheed, I would have felt that I was listening to any former premier of Quebec, because his remarks sounded like those of any Premier of Quebec claiming more power from Ottawa. I think he was speaking exactly like the former premiers of Quebec.

Those have been, honourable senators, the remarks I wanted to make. Obviously, I did not want to take too much of your time. We will have the opportunity to come back to this subject. But I wanted to submit for the consideration of this

house the reflections I had to make concerning the future of Canada.

● (1620)

[*English*]

Hon. Eugene A. Forsey: Honourable senators, after the eloquent speeches we have just been listening to this is almost certain to be a matter of firing off squibs after a shower of meteors. I rise merely to draw attention to something that I hope will be examined carefully in committee, when this bill goes to committee, as I assume it will, namely, the extraordinarily wide discretionary powers it appears to grant. This is perhaps a sort of déformation professionnelle on my part. I look at all legislation now with the jaundiced eye of the co-chairman of the Joint Committee on Regulations and other Statutory Instruments.

I went over the bill this afternoon and found that in twenty-four instances we are told that something will be done "as determined by the minister"; that a calculation will be made "as determined by the minister." If you look at page 2, in clause 3 you will see it says:

> —the Minister may pay to a province for each fiscal year—

Observe the word "may" there.

> —a fiscal equalization payment not exceeding the amount computed in accordance with section 4.

Parenthetically, I do not know why it should be "not exceeding." Either it is an amount calculated in accordance with section 4 or it is not an amount calculated in accordance with section 4, and I cannot see why this discretion should be there. Then clause 4 goes on with a very long series of methods of calculation, but all introduced by the words:

> —if any, as determined by the Minister.

It goes on over and over again, in spite of all the elaborate provisions made for determining various things, it goes on over and over again to say, "as determined by the Minister." There may be an adequate reason for this in some, or even all, these instances, but I hope the committee will look at that very carefully.

I have also noticed three different places where the bill says "in the opinion of the minister." Again there may be a good reason for that. I am not saying that discretionary powers should be outlawed. I am saying that they should be very carefully examined.

There are seven cases in which we find "the Minister may," or "the Secretary of State may," or some other minister may do such-and-such. Again this seems to me to import a very wide discretionary power into the bill, to place a very wide discretionary power in the hands of the government of the day, or more probably in fact the permanent officials in the department or departments concerned.

I therefore hope the committee, when it examines the bill, will try to secure from the minister or his officials some indication of why these apparently very wide discretionary powers are required, and also some indication of how they are likely to be exercised.

In making these few footnote-like remarks, I do not wish to be taken as dissenting from anything that has been said by other speakers. Though I did not hear the whole of Senator Hicks' speech, I entirely agreed with all that I heard. I don't think I can subscribe to all that has been said by Senator Asselin, or perhaps by Senator Phillips. I shall want to read their speeches very carefully before committing myself. Indeed, I think there are quite a number of points that I should find myself in disagreement with in at least Senator Asselin's speech.

I may perhaps add in that regard that I do not think when I discussed the other matter he referred to the other day I suggested that this whole problem of national unity could be settled, would be settled, or should be settled purely on a legal basis. I was setting out certain legal considerations, which seemed to me to be relevant to the subject, without prejudice to the enormous political problems, some of which I tried to sketch, which would arise.

I should also like to observe to Senator Phillips, who I am sorry is not here to hear it, that I think he was a little severe in saying he was surprised when supporters of the government rose to comment on a government bill, and he noticed that they were unlikely to turn up when a vote came. I think if Senator Phillips will examine my record he will see that on several occasions I have put my vote where my mouth was. Indeed, less than 48 hours ago I made a motion in Committee of the Whole, as some honourable senators will recall, which was decidedly hostile to the government. I was, of course, licked to a shoestring, as I habitually am. I might add that I got not very strong and enthusiastic support from the members of the Conservative Party in this house, with the single exception of Senator Smith (Colchester). The others may have been supporting me but they were rather piano where Senator Smith was forte, if not fortissimo. I was a little disappointed that when I stuck my neck out against the government on something I described as scandalous, iniquitous, outrageous and subversive of parliamentary government I did not hear some stronger echoes from the Conservative Party than I did. Of course, we got the echo from Senator Smith (Colchester) both that evening and the next day.

I want to suggest that Senator Phillips was perhaps a little bit over-stating the case when he intimated that members of the government side criticized government measures but were reluctant to come up to scratch, and were perhaps notably conspicuous by their absence when it came to a vote.

Senator Phillips: Senator Forsey referred to the so-called P.C. attitude the other night. Since we were not allowed to stand and vote or be counted, how could we do anything else but give voice support to you?

Senator Forsey: I am sorry, I did not hear that. How could you what?

Senator Phillips: Do anything else but give voice support to you.

Senator Benidickson: We didn't see you stand.

Senator Forsey: The voices were rather muted, I think. However, this may be simply the fault of my poor hearing.

Senator Flynn: Is Senator Forsey sure that he is considered as a member of the Liberal Party?

Senator Forsey: I leave that question to be decided by the Leader of the Government or the deputy leader—I have some doubts about what his answer would be—and the chief whip.

Senator Perrault: The party is blessed with democracy.

Hon. Andrew E. Thompson: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Thompson speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Thompson: Honourable senators, I should like to thank all the speakers who have followed me for their very thoughtful and penetrating remarks, and the range that this debate took. I congratulate Senator Asselin for taking, not just the bare bones of statistics, and so on, but raising our eyes up to the full purpose of our country and calling for action in connection with the Constitution, and the approach that we must take in understanding every part of the country. May I say, first, to Senator Smith that I appreciate his kindness to me. I was a very mediocre boxer away back, and I always recognized the fact when I got into the ring with a pro. You were kind, sir, and I appreciate it.

● (1630)

I am inclined very much to agree with Senator Smith concerning the complexity of the statistics and terminology. I have a cold, and I spent the weekend striving to understand the bill. I would say this in fairness, that when I met with the officials of the department I realized how very stupid I was in some areas. That condition is mine, and I know it is certainly not that of Senator Smith, but I am sure that in the committee to which this bill will be referred we will receive clarification from the officials.

Senator Phillips: You are exaggerating.

Senator Smith (Colchester): May I ask the honourable senator if he would consider the possibility that the stupidity was not his?

Senator Thompson: I sometimes like to consider that possibility, Senator Smith.

Senator Grosart: Don't we all?

Senator Thompson: Again, I am very much in sympathy with the next question raised by Senator Smith. I am concerned with respect to the federal-provincial negotiations that go on. Indeed, a member of Parliament described the fait accompli to which both Senator Phillips and Senator Smith referred by saying, "What a federal-provincial conference has joined together Parliament could not capriciously rend asunder." Yet looking at the situation, surely it is the object of government to present and to propose, and it is up to Parliament to dispose.

Senator Flynn: And to impose.

Senator Thompson: I was referring to Jennings when I made the quote.

May I say in connection with this that the Prime Minister did table his proposal of June 14. In that statement he outlined the principles in his proposal. Both he and the Minister of Finance spoke publicly on these principles, and the detailed nuts and bolts were contained in what is termed, in rather lyrical language, a lilac book which was tabled also in the House of Commons and in the Senate. The Minister of Finance, who was questioned on the very point that Senator Smith made, said that really he was in a difficult situation. The proposals had to start somewhere. If they had had detailed debate in Parliament prior to going to the provinces, then the provinces would have objected and said, "This is a fait accompli." They felt, therefore, that a logical approach in connection with this would be that there begin discussion between the level of the provincial governments and the federal government prior to coming here. In my opinion, there is a very important point, which has not been raised—I am sorry; Senator Smith (Colchester) did raise this—and that is the opening up of the federal-provincial conferences to more scrutiny by the public, as well as by all sides of the political arena.

When I was leader of the opposition in the Legislature of Ontario I was always asking and hoping to be included in some of these federal-provincial negotiations. In fairness, I will say that Premier Robarts opened up his Confederation of Tomorrow, and it was televised. I agree with Senator Smith that if there was this drama that we saw it would show the country where there has been compromise on the part of the provinces and on the part of the federal government.

As to the question which was swung at me by Senator Grosart, may I put him in the same category as I put Senator Smith with respect to my boxing days? I sensed at once that there was some political implication in connection with his question. He narrowed me down so that I had to say yes or no to the question: Did the provinces agree? I rely on his interpretation, Senator Grosart being a Shakespearean scholar and a very literate man who knows that "agree" comes from the Latin *gratum* and can mean "to concur with." So in that narrow term I reply that they did concur with this. However, I would be naive if I were to suggest that the provincial leaders would leave such negotiations and not return to their provinces and posture in connection with the hard fight they had. I think that is part of the game. It is a shopping bag. As one of the members of Parliament said, "We have the pie, and certain parties want it cut up proportionately." Of course, when they go back they express the opinion that they are not satisfied with their share.

The revenue equalization was raised, I believe, by Senator Smith as being a sensitive area—I believe you did mention that, did you not, Senator Smith?

Senator Smith (Colchester): Yes.

Senator Thompson: If I could just express the point of view of the federal government with respect to that—and I am sure Senator Smith will recall this—it was a unilateral understanding to make up adjustments with the reform of tax laws of 1971-72. It was clearly indicated that it was a transitional program, and it was extended thus through the budgets right up until 1976. It was always a unilateral approach with respect to the federal government's extending this agreement because of the adjustments which might be made to the provinces in connection with the tax reform. The federal government had to come to the point, they felt, at which this should be stopped. Of course, the provinces objected to this, and again there was a compromise in which there was an agreement to split the differences. This may not be agreeable to the provinces and they are fighting, as they should, for their constituencies, but the federal government had also to be realistic.

I certainly do not wish to suggest what Senator Forsey is thinking, but on reading again an article by Charles Lynch I notice that there is some concern with respect to the strength of the federal government if it is constantly going to hand over and decentralize. Yet this is the dilemma of a confederation where—referring to the very eloquent speech of Senator Asselin and, on the other hand, looking toward Senator Hicks—there is a situation such as that in which Senator Hicks asks for a federal presence in education. Of course that creates a dilemma.

I would say with respect to that, Senator Hicks, that there is, of course, the informal method through the Council of Ministers which met in Halifax a number of months ago, and I am sure you are quite aware that John Roberts, the Secretary of State of Canada, was invited to it, and he felt that there was a spirit of cooperation. They were considering two areas, Senator Asselin, as I understand it. One was the bilingual programs throughout Canada. Another, as I understand it, was a question in which Senator Hicks would be interested, that of mobility among students across the country. That was of concern to the ministers, and allow me to emphasize that the federal minister said that it is the prerogative of the provinces. He is invited to attend; he is not automatically a member.

Senator Phillips went back to the fait accompli, and I have tried my best to answer that point. It certainly is a dilemma, and I am sympathetic to the points he made. He asked me whether the provinces had gone for an equalization formula. I could go through a number of things which the provinces did accept, but I do not wish to get into all the detail on that—

Senator Phillips: It is embarrassing, is it not?

Senator Thompson: However, I wish to say, because you are concerned in connection with your own province, for which you speak with great vigour and much compassion, something about the equalization program.

Let me take the equalization formula B and the per capita entitlements under the EPF—which is the established programs financing—and compare the current arrangements with regard to medical care, hospital care and post-secondary education with what provinces will be entitled to with the new formula. In the current year—I shall take Prince Edward Island because of Senator Phillips' being a great and noble Prince Edward Islander, and perhaps compare it with Ontario. I do this for another reason, that being that Prince Edward Island has the smallest population and Ontario the largest. The difference on a per capita basis would have been $40.95 in favour of Ontario if the existing equalization program continued. As a result of the EPF in the first year of the program that disparity will be reduced to $30.75. If we carried that on to 1981-82 under current arrangements this disparity would have risen to $57.30, but under the new program the disparity will be $5.89. So I think that equalization is very much at work, and, as so many senators emphasized, it should be at work and it must be maintained. This new program, I think, will be more effective.

● (1640)

Senator Phillips: Equalization, but there is still disparity.

Senator Thompson: I accept that. The net aggregate gain for all the provinces under EPF in the year 1981-82 is $1,718 million, and I think that is one of the reasons why the provinces accepted it, with reservations, and I am sure there will be different interpretations across the country, as there are in this house, according to their enthusiasm in accepting it.

Senator Flynn: May I ask the honourable senator, when he speaks of the acceptance of the provinces, what form this acceptance took?

Senator Thompson: I could go through each section that was acceptable.

Senator Flynn: I am simply asking: What form does the acceptance by the provinces take? Do you have a document by the provinces saying that they accept it? Do you have a piece of legislation? Do you have an order in council? Do you have any document which shows this?

Senator Thompson: Let me say there have been statements on the discussions and negotiations between the first ministers, the prime minister and the appropriate other ministers, and I do have a statement by the Minister of Finance in the other place.

May I say with respect to Senator Asselin that I was deeply moved by the eloquence of his speech, and I think he brought a completely new dimension which was well worth having into the discussion.

Perhaps I could now turn to Senator Forsey. Of course, all of us are completely behind him in his study of discretionary powers, and his enthusiasm and drive to see that these are curtailed as much as possible. He had asked what reason might be given for wanting regulations—I won't go into the discretionary power, but the need for regulations—and as I understand from this black book, the reason given by the department—I don't know if it is all that satisfactory, but I am sure we will have the opportunity to question officials at the appropriate time—is:

> In explaining the extensive use of regulations it might be noted that this is not a new development.

We all know that.

> The reason for the use of regulations is to define highly technical concepts which may run to many pages in length to set out complex procedures relating, for example, to the scheduling of interim payments—

I don't want to read any more of those complex concepts because I am sure Senator Smith will ask me to explain them myself.

> —and to delineate other matters of technical detail for use of legislation will be difficult and tend to give the legislation excessive rigidity in areas where it is not needed.

They go on to add this, Senator Forsey:

> You might also note that it has been customary in the past to have careful discussions with the provinces prior to referring regulations to the Governor-in-Council. It is planned to repeat this procedure this year before new regulations are promulgated.

Senator Forsey: May I interrupt Senator Thompson to say that I didn't say anything about regulations. I might have made reference to that, but I didn't.

Senator Thompson: I am sure at some point you will be saying something about regulations, Senator Forsey.

Honourable senators, before there are opportunities for others, in view of the lateness of the hour, may I again thank all who contributed so much to this debate. I say to Senator Smith, who was the lead-off critic—and I pick him out as representing all the others—that I learned a great deal from his contribution.

The Hon. the Speaker: It is moved by the Honourable Senator Thompson, seconded by the Honourable Senator Carter, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Thompson: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Senator Smith (Colchester): Honourable senators, it is certainly not very appropriate for me, a very junior senator, to raise this point, but there is a Committee on Legal and Constitutional Affairs, and if ever I heard of anything that dealt with legal and constitutional affairs, it must be this. I see a lot of wagging of heads, but can you tell me why this does not deal with legal and constitutional affairs? What does it have to do with banking, trade and commerce?

Senator Langlois: Honourable senators, if I may be allowed to add a word of explanation in this respect, it has always been the practice to send bills of this nature to the Standing Senate Committee on Banking, Trade and Commerce because they are related to taxation, which is one of the orders of reference to that committee, and it is the only one to have such an order of reference.

Senator Smith (Colchester): As I say, I am a very junior senator and I must not take too much umbrage at long-established traditions, but I must say again that if ever I heard of anything that dealt with legal and constitutional affairs it is a bill which deals with the fiscal arrangements between the federal government and the provincial governments. While I don't wish to make any point of it, as a newcomer here I accept the traditions but I do so very much like some of the premiers accept the provisions of this legislation.

Senator Langlois: I should like to quote from rule 67(k):

> (k) The Senate Committee on Banking, Trade and Commerce, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to banking, trade and commerce generally, including:
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> (i) banking, insurance, trust and loan companies, credit societies, caisses populaires and small loans companies;
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> (ii) customs and excise;
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> (iii) taxation legislation;
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> (iv) patents and royalties;
>
> (v) corporate and consumer affairs;
>
> (vi) bankruptcy;
>
> (vii) natural resources and mines.

Senator Smith (Colchester): May I rise again on a point of order. I can read rules too. I can read the rule on page 18 which says:

> (j) The Senate Committee on Legal and Constitutional Affairs, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to legal and constitutional matters generally, including:
>
> (i) federal-provincial relations;

Now where could anything be more intimately concerned with federal-provincial relations than this bill? I belong to both committees and, consequently, it is of no real moment to me where I make my arguments. I guess that I am more used to making them in the Banking, Trade and Commerce Committee than elsewhere, but it does seem strange that this bill would go to that committee.

• (1650)

Senator Perrault: Honourable senators, occasions often arise when a portion of the subject matter of a bill may indeed relate to an area such as, in this case, federal-provincial relations. The main areas in the measure before us certainly relate to a division of revenues between federal and provincial governments, and also taxation, and it is simply a matter of

judgment on the part of the sponsor of the bill as to where it should be referred.

Senator Smith (Colchester): It is no wonder to me that the judgment is very, very bad indeed, if that is the way it looks in this bill.

Senator Grosart: I wonder if I could ask the Leader of the Government if he would reconsider what he has just said? Surely nothing is clearer than that the first responsibility, the number one responsibility, of the Legal and Constitutional Affairs Committee is federal-provincial relations. I ask the Leader of the Government: Is that not the substance of this bill, the very substance of the bill? Is it not federal-provincial relations? Will he say that it is not?

Senator Perrault: I say to the Deputy Leader of the Opposition that there are many precedents for the motion of Senator Thompson that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. There are ample precedents. The Deputy Leader of the Opposition, with his vast experience, is aware of those precedents.

Senator Grosart: We have discussed precedents here before, and I would ask the Leader of the Government, in view of the distinct statement in our rules that any bill dealing with federal-provincial relations shall go to the Legal and Constitutional Affairs Committee, if he will not consider that a precedent may have been wrong? We have had wrong precedents for years but that has nothing to do with the decision in this case. This is a matter that, in my opinion, should be ruled on by the Speaker. I will leave it to the Leader of the Opposition as to whether he wishes to go that far.

Senator Smith (Colchester): Very prophetic.

Senator Flynn: If the Leader of the Government will tell us that he is sending this bill to the Banking, Trade and Commerce Committee because the Chairman of the Legal and Constitutional Affairs Commitee is not here, then that might be considered a good reason. But, certainly, from the text of our rules, this is a question that should go to the Legal and Constitutional Affairs Committee. This bill does not impose any tax; it merely transfers to provincial governments taxes which have been collected under other legislation without, as I can see, the provincial legislatures having any say in the matter.

Senator Perrault: It relates to economics and a sharing of tax points and finance.

Senator Flynn: Not at all. I should like the Leader of the Government to give me a valid excuse not to follow the rule, and I shall be quite happy to accommodate him. I ask him to give me an excuse not to interpret the rule as I have. It would be a precedent if he were to interpret the rule in the way that he has.

Senator Langlois: It has been done in the past.

Senator Flynn: It may have been done in the past. This debate on legislation goes back five years and, if I am correct, our rules are more recent. They were revised only two years ago.

Senator Langlois: There was no change in this.

Senator Perrault: Honourable senators, may I say that apart from the fact that referral of this bill is a discretionary matter because it involves the responsibilities of more than one committee, there is the fact that the Chairman of the Legal and Constitutional Affairs Committee is unwell at the present time and unable to act in his capacity as chairman. In addition, honourable senators have the utmost confidence in the capacity of the Banking, Trade and Commerce Committee to make a fair and judicious judgments on the contents of this bill.

Senator Flynn: Do not bring that into it.

Senator Perrault: I am on my feet, and I hope the Leader of the Opposition will restrain his emotions and remain seated while I am standing. The Leader of the Opposition is a member of the Banking, Trade and Commerce Committee and I know he has the utmost respect for the chairman of that committee and for its members. I am sure there is no disagreement among us that that committee is totally capable of doing an excellent job of analysis, and of acting in the highest traditions of the Senate.

Senator Flynn: There is a word for that, but it is not parliamentary language.

Senator Grosart: May I ask the Leader of the Government if he is not being unfair when he implies it has anything to do with the competence of any committee when we follow our rules. The short title of the bill is the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and the first responsibility of the Legal and Constitutional Affairs Committee is federal-provincial relations. What could be a clearer statement? In my opinion, we should have a ruling from the Speaker.

Senator Perrault: It is the decision of the members of this chamber as to which committee this bill shall be referred.

Senator Langlois: It is referred by a motion adopted by the house.

Senator Perrault: I can recall, and our records will show an instance during the first session of this Parliament, where a bill could have been referred to either the National Finance Committee or the Banking, Trade and Commerce Committee, but the Senate's decision was to refer it to the National Finance Committee. Honourable senators opposite are being unduly meticulous on this particular point, which seems to be made for debating purposes and not for the efficient consideration of this measure.

Senator Grosart: May I ask the Leader of the Government if he does not think it improper to impute motives? If those of us on this side of the house feel there is a rule, and that the rule should be followed, that is as far as it goes. I resent—

Senator Perrault: The last thing I would do is impute motives.

Senator Grosart: The Leader of the Government imputed a motive. It is quite proper, when a motion is put, for a senator to rise on a point of order to ask if the motion is in order. That

surely is the essence of any rules in a chamber such as this. I do not wish to give the Leader of the Government a lesson on the rules, but I am afraid there are times when he needs it.

Senator Perrault: No one on this side is challenging the right of the opposition to ask whether this motion is in order.

Senator Grosart: You did challenge it.

Senator Hicks: Honourable senators, I wish to make a point which I think some of those who have participated in this discussion have overlooked. Our rules do not require that this bill be referred to either one of those committees. A case could be made for referring the bill to the National Finance Committee. It would be improper for us to ask the Speaker to rule on the issue. What my honourable friends have forgotten is that in the preamble to the rule respecting the Senate Committee on Legal and Constitutional Affairs, and following the words "to which shall be referred," are the words "if there is a motion to that effect." No one denies that aspects of federal-provincial relations are involved in this legislation. However, the rule respecting the Senate Committee on Banking, Trade and Commerce has exactly the same wording, "to which shall be referred, if there is a motion to that effect," and among the matters that are related there is "taxation legislation", and some other headings to which this bill is relevant.

It is a matter of judgment or discretion on the part of this house. Those who say it would be more appropriate to refer the bill to the Legal and Constitutional Affairs Committee are on sound ground, but I do not think they can invoke the rules of this house to require a senator to move a motion to that effect.

Senator Grosart: May I ask the honourable senator if he has ever heard of a point of order that was not a question of judgment?

Senator Flynn: The position of the Leader of the Government can't be very sound if Senator Hicks had to come to his rescue. The question before the house is to refer the matter to the Banking, Trade and Commerce Committee. An amendment can be made to strike out "Standing Senate Committee on Banking, Trade and Commerce" and substitute therefor the words "Standing Senate Committee on Legal and Constitutional Affairs". But since the Chairman of the Legal and Constitutional Affairs Committee is not present, and since the Leader of the Government has admitted that that is his main reason for choosing the committee he has, this initiative should not be considered a precedent. In those circumstances, we would be prepared to agree. If he is willing to admit that it is only because of these special circumstances that he has made the choice of committee he has, we will agree that this bill be sent to the Banking, Trade and Commerce Committee.

● (1700)

Senator Grosart: The Leader of the Opposition is being flexible.

Senator Perrault: Honourable senators, there is no inclination to admit anything on this side.

Senator Flynn: I know that.

Senator Perrault: Let me finish my statement. It is not a matter of admitting or conceding anything. It is a matter of intelligently attempting to refer this measure to the appropriate committee.

Senator Grosart: Don't make it worse. The Leader of the Opposition is being flexible.

Senator Perrault: Senator Hicks explained exactly what the situation is. There are indeed more than two committees to which this bill could be referred without any damage being done to our rules or to the parliamentary system.

I suggest, honourable senators, that we proceed to vote on this matter in our usual democratic way.

Senator Grosart: The Leader of the Opposition has given you a way out. Why don't you take it?

Senator Flynn: If there is no inclination to make any admissions, I will move in amendment that the words "Banking, Trade and Commerce" be replaced by the words "Legal and Constitutional Affairs."

Senator Smith (Colchester): I will second that motion.

Senator Neiman: Senator Hicks made two points that I had intended to make. In my view, I do not believe that this proposed legislation deals essentially with problems of the Constitution; it deals with taxation. Perhaps I could just read some headings from the bill itself. Part IV is headed:

> Provincial Personal Income Tax Revenue Guarantee Payments.

Part V is headed:

> Transfer Payments with respect to Tax on 1971 Undistributed Income on Hand.

Part VI is headed:

> Established Programs Financing.

The essential elements of this bill have to do with taxation, and I think it is very properly being placed before the committee that should deal with it.

Senator Flynn: It is now. That is very convincing.

Senator Phillips: Honourable senators, I would point out that the taxation of which Senator Neiman speaks is a tax transfer to the provinces. The provinces are given the right to do the taxing, not the federal government. Therefore, I have to reject Senator Neiman's argument.

Some Hon. Senators: Question.

Senator Smith (Colchester): Excuse me, honourable senators, but this is a debatable motion.

Senator Perrault: Has it been duly moved and seconded?

Senator Smith (Colchester): Yes, it was moved and I seconded it.

Senator Phillips: That is a matter for Madam Speaker, not for you, Senator Perrault.

Senator Langlois: It has not been put yet.

Senator Perrault: No, it has not been put, and it is hardly an amendment.

Senator Flynn: It is an amendment. Now I suppose you say it is a matter of judgment.

Senator Langlois: It is a negation.

Senator Perrault: You know, honourable senators, these are parliamentary fun and games, because the effect of the amendment is to negate the original motion, and the Leader of the Opposition is aware of that.

Senator Grosart: But surely the Leader of the Government is aware that the motion is to refer—

Senator Langlois: Madam Speaker is on her feet.

The Hon. the Speaker: It is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Smith (Colchester), that the motion be amended by striking out the words "Banking, Trade and Commerce Committee" and substituting therefor the words "Legal and Constitutional Affairs Committee."

Is it your pleasure, honourable senators, to adopt the motion in amendment? Those in favour of the motion in amendment say "yea."

Senator Smith (Colchester): This is a debatable motion—

Senator Langlois: The Speaker is on her feet.

Senator Smith (Colchester): I am claiming my right to speak.

Senator Flynn: On the amendment.

Senator Smith (Colchester): Yes, on the amendment. I believe I have that right. This is a debatable motion and any honourable senator has the right to speak to it. It is pretty hard to tell what the Leader of the Government is doing when he wags his head. I thought he was saying I could not speak.

Senator Perrault: It must have been the palsy, because I did not shake my head.

Senator Smith (Colchester): I thought he was indicating I did not have the right to speak. I did not second this motion in a capricious desire to have fun and games, to use the words of the Leader of the Opposition. I did so because I thought the only protection of the opposition in this house, aside from the good will of honourable senators generally, which is nearly always forthcoming, was the rules. That is what our rules are for, plus, of course, the object of furthering the orderly conduct of business in the house. It may well be that traditionally this kind of legislation should go to some other committee, but it seems to me very difficult to look at the words in the rules relating to the two committees and come to any other conclusion than that which has been put forward by honourable senators on this side of the house.

It has been pointed out several times by my colleagues, as well as by myself, that reference should be made in these cases to rule 67 to see the detailed reference. Paragraph (j) says:

> The Senate Committee on Legal and Constitutional Affairs, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to legal and constitutional matters generally, including—

The very first item is:

> (i) federal-provincial relations.

Paragraph (k) says:

> The Senate Committee on Banking, Trade and Commerce, composed of twenty members, five of whom shall constitute a quorum, to which shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to banking, trade and commerce generally, including—

Surely that is the governing phrase, the phrase which governs all the rest. Then it says:

> (i) banking, insurance, trust and loan companies, credit societies, caisses populaires and small loans companies.

That is the first responsibility. It goes on:

> (ii) customs and excise;
>
> (iii) taxation legislation.

I suggest that there are two very important things to note here. One is that in the reference to the Standing Senate Committee on Legal and Constitutional Affairs, the words "federal provincial relations" constitute the number one item, and the governing clause before the detailed items is:

> —matters relating to legal and constitutional matters generally—

Surely that is the clause governing the duties of that committee. All the other matters detailed therein must be related to that general clause. When we turn to the rule governing the Banking, Trade and Commerce Committee we see the general clause is:

> —matters relating to banking, trade and commerce generally—

I suggest again that the matters detailed there relate to banking, trade and commerce generally. What is the predominant content of this bill? Is it a matter relating to banking, trade and commerce generally? Who can say that? Or is it "matters relating to legal and constitutional matters generally"? Surely it is impossible for anyone to say—and I assert this not as any simple, lightly assumed argumentative stance, but as a matter of careful consideration of the words in question.

• (1710)

Who can say that the real substance matter—the pith and substance I believe are the words used in the courts on constitutional matters—who can say that the pith and substance of this bill is not legal and constitutional matters generally but is banking, trade and commerce generally? Who can say that? What court would sustain such an argument? This is a court, the high court of Parliament. Are we really to take these rules seriously, except when everyone agrees not to—which is a frequent practice which facilitates the business of the house—or are we to take them seriously when they are seriously raised as a guide to a course to be followed?

Now, if anyone can get up here and say in all seriousness that the pith and substance of this bill is banking, trade and commerce generally as it is affected by taxation legislation, then I will be prepared to listen to him carefully. However, unless he can say seriously that the pith and substance of this bill is a matter relating to banking, trade and commerce generally, and say that the taxation legislation content of it is primarily related to banking, trade and commerce, I cannot give the slightest credence to his argument, whoever he may be.

This has nothing whatever to do with the chairmen of committees or the ability of the members of committees. I would like, just in case anyone thinks it may possibly be to the contrary, to say—

Senator Flynn: This was raised by the Leader of the Government.

Senator Smith (Colchester): I would say that I subscribe completely and utterly to the view that the Chairman of the Standing Senate Committee on Banking, Trade and Commerce is one of the ablest gentlemen I have ever encountered as a chairman anywhere, and he is extremely fair, reasonable and just in addition to being extremely competent. But that has nothing to do with my argument at all, nor does the fact that I happen to be a member of one committee or the other, because I am a member of both committees. I just think that there are rules, and when they are seriously invoked they should be followed unless there is a very good reason not to do so.

The Leader of the Opposition in the Senate pointed to a way out which I, among others I am sure, was perfectly willing to accept, but which the Leader of the Government, for reasons known only to himself, was not ready to accept.

Senator Grosart: He messed it up.

Senator Smith (Colchester): Consequently, it made it very difficult indeed for those of us who believe in the rules to consider them carefully and pass judgment upon them, because I say again that the only real protection a minority in any democratic house has is the honest, straightforward and just interpretation of the rules when they invoke them, which I am now doing.

Senator Forsey: If I may be allowed to intervene, it seems to me that if rule 67(k) stopped at the words ". . . banking, trade and commerce generally . . ." it would be very difficult to bring this bill within the ambit, the purview of the rule. However, that rule goes on to say: ". . . including: . . . (iii) taxation legislation." Well now, if it can be established that in pith and substance this is taxation legislation, then I should agree that that would come under the jurisdiction of the Standing Senate Committee on Banking, Trade and Commerce.

On the other hand, rule 67(j) says: ". . . legal and constitutional matters generally . . ." Perhaps if that had stopped there it might have been argued that this was not essentially legal and constitutional matters, or a legal and constitutional matter. If rule 67(k) as it now stands, including subparagraph (iii), taxation legislation, and rule 67(j) had stopped at: ". . . legal and constitutional matters generally . . .", then there might have been, I think, argument for sending this to the Standing Senate Committee on Banking, Trade and Commerce. But it seems to me highly questionable that this particular bill can be brought within the ambit of rule 67(k) and sent to the Standing Senate Committee on Banking, Trade and Commerce, on the ground that it is in pith and substance taxation legislation. The parts of it that deal with taxation seem to me, with great respect to those who argued the contrary, to be rather incidental and not the pith and substance of the matter.

I regret that any question has been introduced into the debate of the relative competence of the chairman of the two committees concerned. I have the very highest respect for both of them and I don't think that enters into the matter at all. But I must say that I am not convinced that this is taxation legislation and, therefore, not convinced that it should go to the Banking, Trade and Commerce Committee.

The Hon. the Speaker: It is moved by the Honourable Senator Thompson, seconded by the Honourable Senator Carter, that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart, that the motion be amended by striking out the words "Banking, Trade and Commerce" and substituting therefor the words "Legal and Constitutional Affairs Committee." Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Those who are in favour, please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against, please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it. Shall the main motion carry?

It is moved by the Honourable Senator Thompson, seconded by the Honourable Senator Carter, that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Senator Flynn: On division.

Senator Smith (Colchester): Honourable senators, do I not get a chance to vote "nay," which is what I wish to do?

Motion agreed to, on division.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY BAN ON USE OF SACCHARIN STANDS

On the motion by the Honourable Senator Buckwold:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.

Senator Buckwold: Honourable senators, although I know you would like to have some sweetness on the subject of saccharin, in light of the hour I would ask your indulgence in delaying this motion until the next sitting of the Senate.

Motion stands.

BANKING, TRADE AND COMMERCE

NOTICE OF COMMITTEE MEETING

Senator Langlois: Honourable senators, may I be allowed to make an announcement? The Standing Senate Committee on Banking, Trade and Commerce will meet to consider Bill C-37, the Federal-Provincial Fiscal Arrangements and Established Programs Financing Bill, 1977 at 9.30 tomorrow morning.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 31, 1977

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place at 8 o'clock this evening.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since by succeeding Speakers. I would now ask that honourable senators be more respectful of this practice.

DOCUMENTS TABLED

Senator Perrault tabled:

Report on operations under the Bretton Woods Agreements Act and the International Development Association Act for the year ended December 31, 1976, pursuant to section 7 of the first-mentioned Act, Chapter B-9, and section 5 of the latter Act, Chapter I-21, R.S.C., 1970.

Report of the Department of Communications for the fiscal year ended March 31, 1976, pursuant to section 6 of the Department of Communications Act, Chapter C-24, R.S.C., 1970.

Capital Budget of the Freshwater Fish Marketing Corporation for the fiscal year ending April 30, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1975-2995, dated December 18, 1975, approving same.

Report of the Custodian of Enemy Property for the year ended December 31, 1976, pursuant to section 3 of the Trading with the Enemy (Transitional Powers) Act, Chapter 24, Statutes of Canada, 1947.

Report of the Correctional Investigator for the period from 1 June, 1975 to 31 May, 1976, issued by the Department of the Solicitor General.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Ozite Corporation of Canada Limited and the employees represented by the Syndicat des Salariés de Ozite, St-Jean, dated March 25, 1977.

2. Treasury Board, Province of New Brunswick and its Resource Service Employees, represented by the New Brunswick Public Employees Association, dated March 24, 1977.

Report of the Canada Deposit Insurance Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1976, pursuant to section 46 of the Canada Deposit Insurance Corporation Act, Chapter C-3, R.S.C., 1970.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING BILL, 1977

REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-37, to provide for the making of certain fiscal payments and of established programs financing contributions to provinces, to provide for payments in respect of certain provincial taxes and fees, and to make consequential and related amendments, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Thompson: With leave, now.

• (1410)

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I will not keep you very long. Yesterday and the day before, the mover of the bill made excellent speeches on the subject matter of the bill, underlying the pros and cons of this legislation. If I am rising to say a few words today, it is because I had the opportunity to attend the interesting proceedings of the Senate Committee on Banking, Trade and Commerce to which that bill was referred. I will not dwell on the choice of committee because

undoubtedly whether the meeting was one chaired by Senator Hayden or another by Senator Goldenberg, I feel that fine work would have been performed in any case, as it was this morning.

In committee this morning I had the opportunity to wander, along with the other members, in the maze of tax relations between Ottawa and the provinces. It was quite a journey, I can assure you. I would bet that not one senator out of ten or one member out of ten had read the bill in the first place, or that if he did he was able to understand it adequately. However, the proceedings of the committee enabled us, let us say, to see through this complex area of the legislation, and the experience was quite valuable.

The second thing I want to mention is that it is interesting to study that cobweb which is indeed the system of tax relations between the federal government and the provinces as established since 1940 by the federal government on the ground that a war was on. Of course, that was when the federal government said to the provinces: Give us your tax fields for the war period and we will hand you back a certain amount which will allow you to meet your expenditures and your obligations. But, after the war, naturally the situation changed. The federal government having stuck its nose in that field, having reaped all its advantages, did not want to withdraw from it; that is when it started to spin its web. During the war we were in a straitjacket. Then the federal government wove its spider's web. Gradually it introduced itself into all sorts of fields through the powers of taxation which traditionally, if not constitutionally, belonged to the provinces. As you doubtless remember, this was done through a series of steps which I shall recall briefly.

First, the federal government, having taken over the powers of taxation, told the provinces: Why not let us levy your taxes? We will give you part of the proceeds and you can meet your obligations without having to suffer the odium of taxing your people yourselves. That sounded very tempting to provincial governments or legislative assemblies: You will not have that responsibility; let us take that burden away from you; you will still have a minimum of advantages. It started thus and continued to the day when the Province of Quebec kicked up a fuss and decided, very courageously at that time, to levy personal income tax at the risk of having, if not double taxation—because the word means two things, if not three—at least additional taxation. The federal government would have said at that time, to maintain its position: Agreed, up to 10 per cent—until then it had been 5 per cent—we will allow you, the provinces, the choice of collecting your own provincial income tax, and so it went. That was something. It was a minor concession. But, as the other provinces followed suit, and said to the federal government: "We cannot accept much longer your spider's web, or your straitjacket," as the case may have been, the federal government came up with the equalization formula, which I think is excellent, of course. Even Mr. Duplessis, who was so much against the system prevailing at the time, had to admit that it was a step in the right direction. The equalization principle is excellent because it tends to reduce regional disparities by saying: We, the federal government, shall collect taxes from all Canadian taxpayers and we shall then redistribute these taxes on a more equitable basis to maintain a level of services which will be more acceptable and as uniform as possible throughout the country. This is an excellent formula.

• (1420)

Senator Langlois: It is distributive justice.

Senator Flynn: Of course, it is distributive justice, which is what we want in Parliament. But there is often quite a way to go between wanting it and finding it.

Senator Langlois: Nothing is perfect in this world.

Senator Flynn: You are right, and I would add: especially in a country that has been under the administration of the Liberal Party for too long.

Senator Langlois: *Vox populi, vox dei.*

Senator Flynn: But *vox populi* is as blind as fate. Fate has been very good to the Liberals, who have indeed helped it along in a sometimes rather doubtful manner from an ethical point of view. But I will not pursue this; I would not like to hurt the feelings of my friend, Senator Azellus Denis. He was one of the main beneficiaries of the Liberal strategy in Quebec. He succeeded in getting elected, against any hope, for I do not know how many years. The same could perhaps be said about Senator Fournier (De Lanaudière).

Senator Denis: That is because we were—

Senator Flynn: We were perhaps too honest.

Senator Langlois: I like the "perhaps".

Senator Flynn: In any case, as my friend Senator Langlois knows, I am always very flexible. I do not like absolute terms. I do not believe in absolute terms, especially in politics.

Senator Denis: Let others speak about your honesty.

Senator Flynn: Let others—

Senator Denis: Speak about your honesty.

Senator Flynn: Certainly. But you speak so seldom that it would be useless to leave it up to you.

Senator Denis: That is because I hear you too often.

Senator Flynn: Yes, in general, I would much rather speak than listen to you.

So I come back to the equalization formula. It allowed indeed the federal government to maintain its spider's web. It had ample revenues on a continuing basis, so it urged the provinces to enter into programs under their own jurisdiction, such as hospital care, medicare and the like. The government said to the provinces: With my revenues you can get into that on a universal basis, with comparable benefits in every province and I will pay 50 per cent of the cost. So we got into that; there was little choice left to the provinces but to do so. There is nothing wrong with that *per se* but the fact is that the federal government, when it urged the provinces to embark on this, was controlling once more their actions in addition to

upsetting their priorities in a number of areas. So we had such a double system, because you will remember that the transfer system was intended to bring some general degree of uniformity in services under provincial jurisdiction.

But hospital care, medicare and now post-secondary education all are matters of provincial responsibility. Those were services they were forced to provide. Normally the equalization formula should have covered all that. But the government pushed the provinces into that on a universal or comparable basis. It lured them with revenues that probably came once more from sources of traditionally provincial jurisdiction.

And the government went on to create the situation we are now faced with. Some will say that the provinces agreed. But the whole system of fiscal relations between the federal government and the provinces is aimed at controlling them, at taking responsibilities away from them so the central government can keep some leverage and a certain type of control in particular. The provinces are told: If you do not agree, then all you have to do is levy those taxes you need. What can the provinces say? They are forced to accept. Senator Thompson indicated that the provinces agreed. Can they really afford to say no, in the context of the history since 1940 that I have been referring to? Indeed, as I indicated yesterday, they do not even say yes. There is no contract between the central government and the provinces on this. No agreements were signed. The federal government, after hearing their complaints and objections, told the provinces: Well, that is that. So finally it is a question of taking or leaving it. The provinces said: What can we do but take it?

Senator Langlois: There is also the opting out alternative.

Senator Flynn: Opting out is an extension. Those are other concessions I could refer to. Opting out is not a bad thing, of course, but it is also intended to give the central government a certain degree of control, the spider's web that was put in place. The web is there, and the provinces are not willing to get out, especially the poorer, less affluent ones.

Senator Denis: The Diefenbaker administration did not touch it.

Senator Flynn: It touched it, indeed, because the opting out mentioned by my knowledgeable friend is a formula proposed by the Diefenbaker administration.

Senator Denis: You say it is not worth anything.

Senator Flynn: I only say that in that regard the position of the Conservative government between 1957 and 1963 was much more flexible because we dealt with many problems, including that of grants to universities and many others.

But I do not wish to make it into an anti-Liberal thesis. I am against an omnipresent central government trying to assume responsibilities which are not under its jurisdiction. It is only in that respect that I mention the matter.

Then, I suggest that the only item in those fiscal agreements which is of real value and which is really based on the Constitution is the equalization system. All other concepts have changed the essence of the Constitution without changing its letter. The only valid principle which rests on a constitutional foundation is the equalization system. Furthermore, I do not see why eventually we could not solve all problems related to regional and provincial disparities with one formula, that of equalization payments. It is difficult to define a formula and all factors that have to be considered. Still it is not impossible. Far from it. Of course, the maze is there because we must define in precise terms extremely complex formulas.

It was mentioned in committee this morning, following the comments of our legal counsel, that this time mathematical formulas were used which gave a clearer picture and, instead of a whole page of text, with a mathematical formula we could see in two or three lines exactly what was the situation. I say that equalization, as a principle, is the only valid aspect in fiscal relations between Ottawa and the provinces and it should be improved to allow the provinces to meet their responsibilities.

I know full well that people like Senator Buckwold and Senator Hicks would want the federal government to interfere in the administration of funds collected by Ottawa for the provinces, but we should not support that trend, and I, for one, certainly do not support it. I believe in the true constitutional responsibilities of the provinces. In my view, the provinces should be able to assume the responsibilities which are theirs under the Constitution. I cannot support this trend of the federal government to dictate all fiscal policies to the provinces. This is what has been happening since 1945, since the last World War, and we have been witnessing a constant and ever escalating confrontation between the federal government and the provinces. I am not saying there is no other issue. Certainly there is, but that one is very important. All those federal-provincial meetings, either between the Prime Minister of Canada and provincial premiers or between finance ministers, every such confrontation arouses public opinion, alarms people and lets them know that Ottawa interferes with matters under provincial jurisdiction and does not allow the provinces to set their own priorities. I suggest this is one of the reasons which led to the crisis we are now facing and which involves mainly the province of Quebec, of course, but also to a lesser degree many other provinces. I suggest, honourable senators, that we must consider this problem much more with a view to letting the provinces assume their own responsibilities, not only in the taxation field but also in administrative areas which come under their jurisdiction, than in the context which Honourable Senators Buckwold and Hicks are suggesting, because they, of course, have immediate problems with their own government. But surely those problems are less important than ensuring that the Constitution, which requires a division of powers between the federal and provincial governments, be applied in both its spirit and its letter.

Of course, no one would think of voting against such a bill. As someone said earlier, it is a *fait accompli*. However, I wish we would follow a new direction here in Ottawa, under the provinces' pressure, and not only Quebec but many other provinces as well, and let them have jurisdiction over their own matters, while giving the less wealthy provinces the opportu-

nity to assume their responsibilities through equalization and revenue distribution schemes. I might add that some of these formulas, for instance, are more likely to give less opportunity to the poorer than to the more wealthy provinces. This point was made in committee. What is important is not to look at how the pie will be shared today so that each province can prepare its estimates for the coming fiscal year or for five years. We must look further than that. Had we looked further a few years ago, we might find immediate solutions to the problems we are now facing.

[*English*]

Hon. Raymond J. Perrault: Honourable senators, the Honourable Leader of the Opposition has failed to establish any credibility at all for his theory of the "big federal tax conspiracy." His speech almost inferred that we have had some sort of national taxation "caper" by a federal government with an insatiable desire to centralize its powers and, as a projection of this insatiable desire, to work against the best interests of Canadians in all the provinces, and to work against the best interests of the provinces themselves. I do not think that he will convince very many Canadians that there is any validity to that theory.

● (1430)

Senator Flynn: I wouldn't bet that he wouldn't be able to convince more of them than you would.

Senator Perrault: I do not think many Canadians are convinced that the economic policies which have dominated this nation—

Senator Flynn: "Dominated" is the proper word!

Senator Perrault: —very largely, since 1935, but perhaps more strongly after the Second World War, have worked against their best interests, and the best evidence of this is to be found at the ballot box, where Canadians, time and time again, have said—

Senator Flynn: On November 15, I suppose!

Senator Perrault: —in effect, "We think we realize what this federal government has been attempting to do."

We hear today about a spider's web, and we are told that there is, as it were, an ominous quality about this spider's web, that innocent provincial victims are being drawn into it and are somehow becoming enmeshed in the great federal tax caper. Most Canadians believe that the structure which has been established in recent years has not been a spider's web but rather a rich fabric which has provided opportunities for thousands of Canadians in all provinces from coast to coast.

Hon. Senators: Hear, hear.

Senator Grosart: Including a million unemployed!

Senator Perrault: Like the party the Opposition represents, we believe that one of the main guiding principles of government should be to provide a basis for human beings to realize their full potential, physically, mentally and educationally, and this has been the thrust of federal policy in recent years.

Senator Grosart: A million unemployed!

Senator Perrault: We have heard the idea of a central concern for the problems of the people of Canada attacked here this afternoon. Yet these are the policies which have given us the national health program—

Senator Grosart: And a million unemployed!

Senator Perrault: —the national welfare program, and unemployment insurance. Incidentally, many of these programs were fought right to the last vote by members of the Conservative Party in this country. These are the policies which have given us universal old age pensions and the supplement, and vocational training standards which are as high as are to be found anywhere in the world.

Senator Flynn: And a separatist government in Quebec!

Senator Perrault: I would remind the honourable Leader of the Opposition that he has already made his speech. These are the programs which have provided education for those going on to advanced studies.

Senator Grosart: And they can't find jobs!

Senator Perrault: They have provided communication links from coast to coast, from the great province of Newfoundland right out to British Columbia. They have provided the Trans-Canada Highway, the Canadian Broadcasting Corporation and other communications media. Is the Leader of the Opposition seriously suggesting that this pattern of concern for all Canadian provinces, established by this federal government, is somehow working against the national interest? I am sure he must have had his tongue in cheek when he made his speech.

One need only look at Canada's place in the world today—

Senator Grosart: And look at the economy!

Senator Perrault: —to realize that we now have as fine a medical program, as fine a hospital program, as fine a program of income security for the unemployed as are to be found anywhere.

Senator Flynn: May I ask a question?

Senator Perrault: Mr. Leader, not at this moment.

Senator Flynn: Because, you realize you are way off base. I never questioned the principle of these things.

Senator Perrault: We are anxious that there be no second-class citizens in Canada on the basis of living in a small province rather than a larger one.

Senator Flynn: So are we.

Senator Perrault: That has been one of the key policies of this government.

Senator Grosart: And we have a great many first-class unemployed.

Senator Perrault: Let me say with regard to constitutional tax changes in the future that there never has been a Liberal since Confederation who has believed that tax arrangements should be enshrined in stone, or that even our Constitution, created by dedicated, able but fallible Canadians, should not

be changed if the needs of the Canadian people require that it be changed—

Senator Smith (Colchester): Change it any time you like.

Senator Perrault: —nor that there should not be a new or changed distribution of responsibilities. That has never been part of our party's creed. We have never been dragged kicking and struggling into reform.

Senator Flynn: Phooey!

Senator Perrault: Instead of dwelling upon the real or imagined shortcomings of the present system, which have led this country to very respectable heights of social and economic achievement, this party and this government look forward to greater opportunities for improvement and change, and that is the whole credo of this government.

Senator Grosart: And the economic mess we are in.

Senator Perrault: There is that old Tory talk about an "economic mess." A Liberal would say a glass with only 50 per cent water is half full and you would say it is half empty because you are perpetually pessimistic about the future of this country.

Senator Smith (Colchester): We have to be, with you fellows running it.

Senator Perrault: I wish to say by way of conclusion—

Senator Flynn: Yes, it's about time.

Senator Perrault: —that there is a determination on the part of the government to ensure that every Canadian in every region of this country—

Senator Grosart: Has a job.

Senator Perrault: —realizes his or her potential, physical, mental and economic—yes, and that makes jobs. Our critics should not talk too much about jobs, however, looking back to those disastrous days of 1958.

Senator Smith (Colchester): You hold the record.

Senator Perrault: To establish lesser objectives would be to renege on its responsibility to the people of the country. In the process of attempting to achieve these objectives the Constitution has to be regarded not as a straitjacket but rather as a flexible instrument which should be made to serve all Canadians.

Senator Asselin: You have changed your minds, then.

Senator Perrault: We have heard today about new tax sharing and new provincial responsibilities. There is not one person representing the government here who would say we should not consider new distributions of responsibility between the provincial governments and the federal government. We are not rejecting the idea of change—

Senator Flynn: Did you listen to what I said? I do not think you understood what I said.

Senator Perrault: Mr. Leader, please try to writhe sitting down.

Senator Flynn: You are "riding" too high.

Senator Perrault: There will be change in the future and there will be new accommodations of federal and provincial needs, but the outspoken criticism on the part of the opposition today is not constructive and not helpful and I do not think it will convince many of the provinces that the Leader of the Opposition is championing their cause.

Senator Flynn: Did you understand what I said? If you prepared your speech before I spoke—

Senator Perrault: I have already spoken.

Senator Flynn: You are completely beside the point I raised in my speech, but that is not entirely new with you.

Senator Smith (Colchester): Honourable senators, I do not wish to take up much of your time, especially since we have not heard much in the last ten minutes that is worthy of observation. However, I wish to make two points and no one can deny them. The Leader of the Government can go about the country showing irrelevance as much as he wants, but he cannot deny that these wonderful policies about which he talks have brought us to a separatist government in Quebec.

Senator Perrault: What is he talking about?

Senator Smith (Colchester): The party represented by my honourable friend has been in power for a good many years. In 1963 there was no separatist government in Quebec. Everyone knows the answer to that. Is there now, after 14 years of this kind of wonderful government that we have heard about? Is there now a separatist government in Quebec? There is. The honourable gentleman can mutter all he wants; at least I am speaking in relevance to what he said. He spoke with no relevance whatever to the excellent and eloquent speech of the Leader of the Opposition.

Allow me to ask one other question—

Senator Perrault: One other question!

Senator Smith (Colchester): My merry friends over there had better join the million unemployed and see if they like the laughter. May I ask the Leader of the Government once more, after these wonderful years since 1963, these years of perfection, these years when everything was rosy, how many unemployed do we have? Some say 900,000; some say 1,100,000. It is many hundreds of thousands too many, but these are two products of the wonders we have observed, as described by the Leader of the Government, during the last few years. Let him ponder on that; let him not worry very much how many Canadians the Leader of the Opposition can convince. He had better find out if he can get one, or retain any he now has, if there be such a strange creature.

• (1440)

Senator Perrault: What is your second question?

Senator Smith (Colchester): Honourable senators, the poor fellow is so impervious to the facts of life that he does not realize that I have already asked him two questions, neither one of which he dares to answer. One is whether there was a separatist government in Quebec in 1963, when his govern-

ment came into power, whether there is one now and whether his government was in power all that time. The other is: Are there not one million unemployed in Canada today under the wonderful umbrella of the beautiful policies which his government has followed, and which he has now placed before us?

I do not wonder that he does not wish to recognize these questions or to answer them.

Senator Asselin: He can't.

Senator Smith (Colchester): After all, when one can only answer a question in a way which condemns oneself, it is far better to ignore it. You know, there are some people who make a practice of never answering a question, and I am beginning to think the Leader of the Government is one of them.

However, having passed out those little bouquets of sweetness and light to the Leader of the Government, I do have to say that it seems to me that he was not listening to what the Leader of the Opposition said, if in fact he meant in any way to reply to that speech or to deal with the points raised in it. I do not like to be too offensive, but I cannot help thinking of the biblical likening of a certain situation to something that is very much like the wind or some other quickly disappearing substance—the wind blows over it and it is gone. So far as concerns anything the Leader of the Government has said today, I think one would have to recognize that there was plenty of wind, and, if there was any substance, when the wind passed over it was gone.

Motion agreed to and bill read third time and passed.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Bélisle be substituted for that of the Honourable Senator Yuzyk on the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, I think it would be proper to announce that the Committee on Agriculture will not sit before 3.30 o'clock this afternoon.

Motion agreed to.

BUSINESS OF THE SENATE

EASTER ADJOURNMENT—QUESTION

Senator Flynn: Honourable senators, may I ask the Honourable Deputy Leader of the Government if there has been any indication yet as to the date of the Easter recess?

Senator Langlois: As a matter of fact, honourable senators, it is my intention later to ask for leave to revert to Notices of Motions so that I can put the adjournment motion. I was simply waiting until we had received the correspondence from Government House regarding royal assent this afternoon. In the meantime I can inform the house that it is my intention to move that the Senate adjourn until April 26.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that she had received the following communication:

GOVERNMENT HOUSE
OTTAWA

March 31, 1977

Madam,

I have the honour to inform you that the Honourable R. G. B. Dickson, LL.D., D.C.L., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 31st day of March, at 5.45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Madam,
Your obedient servant.
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

BUSINESS OF THE SENATE

EASTER ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until April 26, 1977, at 8 o'clock in the evening.

I should add that if there is need the Senate will be recalled by Order of the Speaker, but I hope that procedure will not be necessary.

Senator Grosart: May I just ask the deputy leader if we can assume that acceptance of this motion is possible because there is no likelihood of any bills being passed in the other place that we should normally be attending to?

Senator Langlois: I have had occasion in the past to warn honourable senators that I am not good at trying to be a prophet in this place. Hopefully, we will not be recalled, but if need be that course will be followed.

● (1450)

Senator Grosart: By that does the deputy leader mean if a bill is passed in the other house between now and the time that house takes its recess that we would be recalled?

Senator Langlois: Possibly, but not necessarily. This must remind the honourable senator of something that took place previously in politics.

Senator Grosart: Yes.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY BAN ON USE OF SACCHARIN—POINT OF ORDER

On the motion by the Honourable Senator Buckwold:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.

Senator Phillips: Honourable senators, I rise on a point of order, not to express any opposition to the principle of the proposed motion. It is my view that the Health, Welfare and Science Committee already has the authority to inquire into and report upon the proposed ban on the use of saccharin without the need of any direction from the Senate.

I would point out that the counterpart of this committee in the other place, the Health, Welfare and Social Affairs Committee, questioned the Minister of National Health and Welfare, and senior officials of his department, on this subject a week ago. If that committee had authority to do so, surely our Health, Welfare and Science Committee has the same authority.

I would respectfully request a ruling on the authority of the committee to study the subject matter of the motion without reference from the Senate itself.

Senator Benidickson: Did the questioning to which you have referred not take place when the minister was before that committee on the estimates?

Senator Phillips: I believe the estimates were discussed at that same committee meeting. However, I would invite the Honourable Senator Benidickson to point out anything in the estimates dealing with the use of saccharin.

Senator Benidickson: Administration.

Senator Buckwold: Honourable senators, I wonder if I might speak to the point of order? I would agree that there is nothing to prohibit or prevent the committee from studying the effects of the proposed ban on the use of saccharin. However, the committee, to this point in time, has not seen fit to do so. To my mind, this is a subject which is of significant interest to Canadians and, therefore, worthy of discussion in the Senate, which would then, hopefully, pass on to the committee an instruction that the matter be inquired into and reported upon.

That is the purpose of the motion which I intend to move. I do not see how it would interfere in any way with other directions given by the Senate to its committees.

Senator Grosart: Honourable senators, Senator Buckwold, who proposes to move this motion, has himself said that as far as he is concerned the committee now has the power to deal with this matter. The point that Senator Phillips has raised relates to a former ruling, a very clear ruling, of this house to the effect that where a committee has the power to act, it is not in order for the Senate to instruct that committee.

Senator Phillips probably had that ruling in mind in rising on this point of order. As I recall it, it involved a motion by the Honourable Senator Phillips that the Health, Welfare and Science Committee be instructed, in its consideration of a bill that had been referred to it, to hear two veterans' associations which, as far as he was aware at that time, the committee did not intend to hear, and that resulted in a ruling from the Chair that it was not in order for the Senate to instruct the committee to hear the witnesses in question as it already had the power to do so.

I have some reservations about that ruling. It would seem to mean that if a committee decided to sit at four o'clock in the morning in order to deny witnesses access, the Senate could not instruct the committee to do otherwise. The point of order that Senator Phillips has raised would seem to come under that ruling. It is a procedural point. I am sure there is no desire to prevent the committee from dealing with this particular subject. It is merely a matter, bearing in mind that Senator Phillips' motion of some years ago was ruled out of order, of whether this particular motion is in order, and of clarification in that respect.

Senator McDonald: Honourable senators, I recall the occasion to which Senator Grosart has referred. To my recollection, it was a completely different set of circumstances. In that case, the committee had a bill before it. If I recall the happenings of that date accurately, Senator Phillips had moved that two witnesses be given the opportunity to appear before the committee. The important thing to bear in mind is that a bill had been referred to the committee. Surely an honourable senator cannot be prohibited from proposing that a particular subject matter be referred to a standing or special committee of this house.

I am not certain, in my own mind, that the previous ruling was correct, but to deny an honourable senator the opportunity of moving that a particular matter be referred to a committee of this house is far beyond our competence.

Senator Grosart: I agree.

Senator McDonald: To my mind, Senator Buckwold's proposed motion is perfectly in order. If we rule it out of order, we will rue the day.

Senator Grosart: Senator Phillips' motion was to instruct the committee, which would be a very different matter.

Senator McDonald: The proposed motion is that the committee be authorized to inquire into and report upon the proposed ban on the use of saccharin.

Senator Grosart: Yes, but it was not to refer the matter. I do not want to take a great deal of time on this, and certainly it is not the intention to prevent Senator Buckwold from speaking. Senator Phillips' objective in raising the point of order, it seems to me, was merely to clarify the previous ruling, and from the sentiments I have heard expressed, we would all be delighted to see it clarified so that there would be no question that the Senate could at any time instruct a committee.

Senator Phillips: Honourable senators, in raising the point of order it was my intention to obtain clarification of the previous ruling. If Her Honour wishes further time—and I realize this is a rather grey area—we could certainly have the pleasure of hearing Senator Buckwold and receive the ruling on a subsequent day, if necessary. I am not endeavouring to prohibit Senator Buckwold from speaking. If we on this side have to listen to anyone from the other side, we might as well listen to one of the best, and I certainly include Senator Buckwold in that category.

Senator Forsey: Honourable senators, may I point out that only a few days ago we passed a motion that this very committee be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour, and so forth, and I never heard anybody suggest that that was out of order. That appears to be on all fours with the motion that Senator Buckwold is proposing.

Senator McDonald: Honourable senators, perhaps I should read the proposed motion. It is as follows:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.

• (1500)

Those are the exact words that we use in every reference to a committee.

The Hon. the Speaker: Honourable senators, according to rule 71:

> A standing committee shall be empowered to inquire into and report upon such matters as are referred to it from time to time by the Senate—

Rule 67(1)(*e*) provides that the Committee on Standing Rules and Orders is empowered on its own initiative to propose to the Senate amendments to the rules from time to time. Rule 67(1) (*f*) provides that the Committee on Internal Economy, Budgets and Administration is empowered on its own initiative to consider any matters relating to the internal economy of the Senate. According to rule 67(1)(*l*), the Senate Committee on Health, Welfare and Science has the power, if there is a motion to that effect, to study matters referred to it.

MOTION TO AUTHORIZE COMMITTEE TO STUDY BAN ON USE OF SACCHARIN—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved, pursuant to notice of March 30, 1977:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.

He said: Honourable senators, on March 9, 1977, the Minister of National Health and Welfare, the Honourable Marc Lalonde, announced that the Health Protection Branch of his department was banning the artificial sweetener saccharin for use in foods, cosmetics and as a sweetening agent in drug preparations. The primary motivation for the ban on saccharin is found in the preliminary results, he reports, of a three-year toxicological study on rats carried out by the Health Protection Branch in Ottawa. That study has shown that a high daily dosage of saccharin in the rats' food supply caused a significant increase in bladder cancer.

The single dose used in this study to produce bladder cancer in rats was extremely high. It represented about 5 per cent by volume of their daily diet. The department's news release equated it with consumption by a human of 800 12-ounce bottles of diet soft drinks per day. If any of us were able to consume 800 12-ounce bottles of diet soft drinks per day, he would have enough energy, I suppose, to solve the crisis. It has also been noted that no cases of human cancer attributable to saccharin have ever been identified, although studies of diabetics in England and the U.S.A. have been conducted for that purpose.

The Health Department does not consider saccharin to be an imminent hazard to public health. Rather, the ban on saccharin is being taken as a precautionary measure in the interests of prudence, which is standard government terminology for taking action in a situation of significant but not major risk.

I shall not take up the time of the Senate to give the schedules. On July 1, soft drinks containing saccharin will go off sale; on November 1, other dietetic foods will be taken off sale; on December 31, 1978, certain drugs that contain saccharin will be prohibited from being sold; on December 31, 1979, the sale of cosmetics, such as mouthwashes and toothpaste, containing saccharin will not be permitted. It is a lengthy schedule which I am sure is available to any honourable senator.

Senator Smith (Queens-Shelburne): What about the sale of saccharin itself?

Senator Buckwold: The sale of saccharin itself will, in due course be permitted at drug stores on a non-prescription basis—that is, the actual physical compound saccharin, which is a tar derivative.

Honourable senators, this announcement has created a great deal of criticism in this country as well as in the United States. There are many people who feel that the conclusions which have been reached in the study are a little hasty, that it has not really involved what could be termed balanced scientific research, and that the action taken by the Minister of National Health and Welfare is a precipitous one.

Saccharin has been used for more than 80 years. It has been used in dairy products, in dietetic drinks and desserts, canned foods, chewing gum, mouthwash, *et cetera*. It is widely used as a tablet to sweeten coffee and tea for diabetics and others who want to restrict their intake of sugar.

I shall read some excerpts from a variety of scientific comments made as a result of this study, and hope that honourable senators will excuse me if I read more than I usually like to do in my presentations to the Senate.

A United Press despatch from Washington reads as follows:

> America's watchdog agency on food and drugs has badly over-reacted with its plan to ban saccharin, ignoring the fact the sweetener has been used safely by millions of people for the past 70 years, several scientists told Congress today.
>
> In fact, said one professor, there's far more potential danger from obesity among people who, if the proposed saccharin ban becomes effective, won't be able to get sugar-free foods.

It goes on to indicate that this information was given to a House of Representatives health subcommittee, and that the head of the U.S. National Cancer Institute, Guy Newell, said that he doubts that saccharin causes cancer in humans.

The despatch continues:

> Kurt Isselbacher, a Harvard medical professor, told the subcommittee today:
>
> "The available data indicate that the risk of humans developing cancer from saccharin in the amounts ingested by the average individual is remote.
>
> The harm, however, which may occur to millions in the absence of a non-nutrient sugar substitute is great. In this country, the problem of obesity is far greater than that of malnutrition."

This goes on; there are many quotes from experts.

I think Senator Phillips may be interested in knowing that the ban has caused many protests, including one from the American Dental Association. Later I shall read one from the Canadian Dental Association.

There was recently in Toronto—it may still be going on—an international convention of toxicologists and the headline to a newspaper report of their meeting is: "Visiting poison experts sour on saccharin ban." It goes on to point out that from the point of view of expert toxicologists from around the world, the research was done in such a way as not to be quite realistic to the actual application on a day-to-day basis:

> "It's obvious it [the research] doesn't address itself to the question of hazard to the user. There is a big difference in my mind between carcinogenic . . . potential which these studies demonstrate and carcinogenic risk," said Dr. Scala of Linden, New Jersey.
>
> He doesn't plan to remove saccharin from his home.
>
> "To ban this is in my opinion a medical catastrophe," said Dr. Milton Eisler of Cleveland State University. "To give doses all out of proportion to reality is ridiculous."
>
> Eisler said research should consider the benefit-risk ratio. He said saccharin has an important place in the diet particularly of diabetics, individuals with a tendency to obesity and persons with heart trouble.
>
> Henry Trochimowicz of Wilmington, Delaware, an industrial toxicologist . . . described the ban as "over-reaction" and said he considered the hazard to humans from saccharin as negligible.
>
> Dr. Harry W. Hays of Washington, a former society president, described the ban as "premature on the evidence produced so far."

He said that the U.S. government was forced to ban saccharin because of an amendment to an act of Congress passed in 1957, which provides that if at any time a chemical additive is shown to produce cancer it must be banned from use in food. That is why the Americans have reacted to this particular situation.

Dr. Hays said that you can produce all kinds of things if you give large enough doses, and added that Japanese researchers had produced abnormalities in unborn animals by massive doses of other common table products. He maintained that the researchers did not pay attention to the dose-response concept that has guided science since Paracelsus, who was apparently the sixteenth century founder of pharmacology. That particular concept is: "It is the dose that makes the poison."

● (1510)

I could go on and give you all kinds of other reactions. Another newspaper report of this convention in Toronto is headlined: "Rats to saccharin ban, U.S. toxicologists tell researcher." Dr. Douglas Arnold of the Health Protection Branch in Ottawa was defending his research. I would suggest that honourable senators read the reaction to his evidence. I must say it was very uncomplimentary to the work he carried out. I will read this part of the article:

> After Dr. Arnold spoke, Dr. Frederick Coulston of Albany (New York) Medical Centre, presented details of a 6½-year feeding study of monkeys that showed no carcinogenic effects from a saccharin diet.
>
> In introducing his research, Dr. Coulston said he did not intend to be controversial. "We appreciate the work done by the Canadian Government (researchers) and we have nothing to say to contradict their opinion.
>
> However, this is a beautiful lesson in comparative toxicology. It points out the difference between a rat and a non-human primate."

These are the kinds of things that make me concerned about the reaction of our Minister of National Health and Welfare.

Time magazine reports that a United States Representative, Andrew Jacobs, Jr., an Indiana Democrat, sarcastically introduced a bill to the house that would allow the sale of saccharin under the label: "Warning: the Canadians have determined that saccharin is dangerous to your rat's health."

This is the kind of thing that I do not believe is in the best interests of scientific research. It puts some doubt on the credibility of much of the evidence which is translated into day-to-day reaction. For example, I see another headline to a newspaper story: "Study links cancer in rats to shampoo." Some scientists have indicated that some shampoos could produce cancer because they contain a super wetting agent that can be absorbed through the skin and, therefore, could possibly produce cancer. We have had all kinds of indications about massive doses. These are unreal situations, which are sometimes over-reacted to by some medical authorities. It is time that we started thinking about the effects of these bans on people, particularly the ban on saccharin.

As I indicated in my previous remarks, obesity is a significant problem for many Canadians and many people around the world. On the basis of one pound being related to about 3,500 calories, and there being about 100 calories in one 12-ounce can of a sweetened drink, if you consumed one can of a regular soft drink each day you would put on ten pounds over a year—and that is only one can a day. It is very easy for some of the experts to say, "Go out and exercise, and do not worry about that." I do not think that is really a proper reaction because people have their own lifestyle, and I am not sure that it is up to us to dictate them.

It could be argued that the government, in moving in the direction of banning saccharin, is creating other problems like those of obesity which is related to cardiovascular disease, the danger of stroke, and the danger of heart attack. This is a very, very real thing. There is, of course, a problem for those who suffer from diabetes and other diseases of that kind.

I am suggesting to you, honourable senators, that it is important that this matter be reviewed. The over-reaction could create more problems than it would possibly solve. I believe that action such as the one taken changes the credibility of the scientific community in relating research to the reality of day-to-day living.

In addition to the problem of obesity, which will be created by the elimination of saccharin-sweetened drinks and other foods, we have the problem of dental care. I will quote from an item in today's *Globe and Mail* under the headline: "Dentists predict higher decay rate."

> The Canadian Dental Association said Tuesday it is concerned about the consequences of the federal ban on the sugar substitute saccharin announced March 9.
>
> "If refined sugar is used as a saccharin substitute, tooth decay is certain to increase in the population," the CDA said in a news release.

I could go on and give you much more evidence, but I think you have probably heard enough to feel that there is room for a much more thorough review of this than was done in the rather cursory examination by the minister that was referred to by my colleague and friend, Senator Phillips. I believe the Senate committee has a role to play in hearing some expert evidence and reporting back to this house. It could be that the minister is absolutely right. I do not know. On the basis of what I have read of the furore that has been created in Canada and the United States, I suggest it was a precipitate action; I say it was a specious decision. The committee may not determine that, and that is fine. I am not here to personally judge what the minister did. There may be much more evidence than I have been able to accumulate, but I think the matter is serious enough that it should be considered in some detail.

Therefore, honourable senators, I hope you will support this motion, and that the matter will be referred to the Senate committee for study and report.

Senator Smith (Queens-Shelburne): Honourable senators, I rise for the purpose of asking a question. I would ask Senator Buckwold if he has any evidence of the fact, as I understand it from reading some of the newspaper reports, that cancers were not produced in rats that ate those many pounds of the substance, but were produced in the second generation of rats that were not fed the substance. That certainly suggests a very serious genetic effect which resulted in a wild multiplication of cells which turn into cancer. I think that is the most significant part of the research. I understand it is the first time that such experiments have been successful in indicating the effect of this particular substance, saccharin, on second generations of any animal.

Senator Buckwold: I am not sure that Senator Smith is quite factual in what he says. I will read this statement from the minister's news release:

> As stated above, the action is based upon the findings of a study conducted by HPB, in which rats were fed a diet providing 2500 milligrams per kilogram (mg/kg) of body weight per day of sodium saccharin for two generations. The parent generation male animals given saccharin developed both benign (non-cancerous) and malignant (cancerous) bladder tumors. In male rats of the second generation whose mothers received saccharin during pregnancy and lactation, the bladder tumors were mostly of the malignant type. The increased incidence of bladder tumors in the second generation may be attributable to exposure of the young before birth (*in utero*) as a result of maternal ingestion of saccharin.

From that I gather that there was some incidence of malignancy even in the first generation, but that most of the problem was in the second generation.

• (1520)

Hon. Frederick William Rowe: Honourable senators, I understand that my microphone is not working.

Senator Grosart: Go ahead. We can hear you anyway.

Senator Rowe: With the consent of the Senate, I shall move to another seat where the micropone is working. I shall speak very briefly because, like others, I have a plane to catch this afternoon.

Honourable senators, I rise to support Senator Buckwold's motion. Frankly, I never thought I would ever find myself in this position because I yield to no one in my desire to prevent pollution and contamination of any kind and, in fact, in my desire to protect the people, and particularly the younger people. For that reason, as I think all honourable senators know, I have frequently, both in this chamber and outside, been highly critical of the drug manufacturing companies for putting improperly tested drugs on the market and then trying to discredit the critics who point out that the drugs have been improperly tested. I yield second place to no one in my criticism of the multinational corporations who have tried to discredit the legitimate findings of medical science in their desire to make money.

Having said all that, honourable senators, I want to say that I have been a little disconcerted in recent weeks by this matter of the saccharin ban. I do not use very much of it myself, apart from the occasional diet Pepsi or the equivalent, so I have no personal axe to grind. But what I do feel is that there is a widespread feeling that somehow this action that has been taken is, as Senator Buckwold said, a precipitate one. Certainly if the only evidence available—and I have to confess that I have not read any official reports on this; I should have done so but have not had the time—if the only evidence available is what has been given us through the news media, then there is something seriously deficient in the action that has been taken.

I am told that the tests administered to rats and to other forms of life have involved giving them 700 or 800 times a normal dose. Most of us here ingest a fair amount of sugar, and I am sure that if I were to multiply my daily intake of sugar by 20, all kinds of things would happen to me. I am sure one could not last very long doing that. This is particularly true of another very common food ingredient, salt. I happen to like salt very much, but if I were to take 10 times as much salt as I now take, not 700 times, I am quite sure that some of my organs would have to pay a penalty, or my constitution generally would have to pay a penalty, in one way or another. The same thing applies to iodine. You can prove anything if you make the dose big enough.

I once lived in a part of the world where I personally added iodine to my drinking water all the time on medical advice. It was necessary to do that to render the water safe. That was all right as long as one was adding perhaps a teaspoonful of iodine to a gallon or two gallons of water, but if one were to add a quart of iodine to two gallons of water, then the result would have to be fatal, without any doubt at all.

So, honourable senators, I say that if the only evidence is what we have heard in recent weeks from the news media, then we are entitled to some further explanation. I support Senator Buckwold's motion, because in committee we will have a chance to delve into this matter and to satisfy ourselves either that this decision is a correct one, or that it is perhaps too hasty a decision in the light of all the factors. There are a multitude of factors. I have mentioned a few and Senator Buckwold mentioned a few others, and there are many others that could be brought into the picture too. But when all the factors are analyzed, as I hope they will be when the committee considers this subject, if it is referred to committee, we will then be in a position to judge whether or not this action is a beneficial one for the public.

Hon. Allister Grosart: Honourable senators, I am sure we on this side have no intention of opposing this motion, but perhaps it is appropriate to make some comment at this time on it.

The motion, of course, is quite proper, and it would seem to be wise to suggest that our Committee on Health, Welfare and Science should look into the whole matter of what is now the action taken by the government. However, I think it is worth remembering that the government in this case may not have acted, and should not be accused of acting, precipitately. The reason I say that is not because I want to suggest that the government's action was right or wrong, but because the evidence relating to such matters in the past has been that governments have been much more often accused of acting too slowly, and thereby causing death, and in some cases multiple deaths. So I, for one, would not in any way agree with the statement that the government in this case has acted too precipitately.

Neither would I agree with the statement made by Senator Buckwold that this action by the government challenges the credibility of the scientific community. Surely there is no support whatever for any such statement. I would say it does not challenge the credibility of the scientific community. Some members of the community have come forth with the results of certain experiments. Those results have been interpreted by political decision-makers as requiring, in their view, certain action to protect the public interest. I see no connection between the credibility of the scientific community in bringing forward the results of experiments and the political action subsequent to that.

It is very doubtful if the scientific community as a whole pressed for this or even asked for it. Those are two modifications I would like to make. In debates of this kind I think we often fall into a trap and yield to the temptation to say we are not discussing the scientific evidence, and then go ahead and discuss it. For example, there is the comment just made about doses 700 times the normal. Of course, that is a very normal scientific process. It is the conclusions you take from that that determine what your assessment of the results is. I have no intention whatsoever of discussing the scientific evidence. I haven't the faintest idea whether it would warrant credibility or whether it is evidence that the whole of the scientific community will accept. I do not know. I do not know whether it would warrant the action taken by the government, but I certainly would not criticize the government for moving quickly when this kind of evidence is presented to it.

So, I fully support the suggestion that our committee should examine the whole matter—and examine the minister. I think one of the immediate discoveries the committee will make is what has already been made public by the minister, that Canadian scientists associated with the ministry actually took part in these experiments. Far be it from me to be in the

position, just before recess, of defending the government, but in this case I feel the government should not be criticized for acting as quickly as it acted.

On the other hand, honourable senators, we recognize the great disability and inconvenience that this action is going to cause. We think immediately of diabetics, and there are many others, who will be more than inconvenienced by this ban, which may or may not be a temporary one, on certain uses of saccharin.

● (1530)

Hon. Orville H. Phillips: Honourable senators, I should like to say that personally I have no objection to the motion. Indeed, perhaps some useful purpose can be served by having the committee study the ban on the use of saccharin. However, I would point out that it is easy to have instant expertise. Just name a subject, and within 24 hours you can have experts descending on you from both sides, pro and con, of a question. And that holds true for saccharin. The amount administered makes the investigation suspect, in my opinion. However, that does not mean the results are invalid. Perhaps there were other factors present throughout which have been neglected, but which are the actual carcinogens.

I am reminded of an article I saw in *Life* magazine when I was a student a number of years ago, which rather made fun of some of the scientific research of the day. The article took as an illustration a certain individual who went out on Monday night and got high on scotch and ginger ale; on Tuesday night he got high on rum and ginger ale; and on Wednesday night he got high on rye and ginger ale. He kept mixing various liquors with ginger ale for the rest of the week, and at the end of the week he decided that he would try to find out what had caused him to be inebriated. He came to the conclusion that it was the ginger ale, because it was the only substance that had been present in his drink on every occasion.

I would suggest to the mover of this motion that when the committee is hearing witnesses it will be necessary, in all fairness to those who oppose the ban on the use of saccharin, to hear witnesses from outside the Department of Health and Welfare. I certainly do not think we would hear any great change of view from the officials in the department. If they do give evidence before the committee different from that which they submitted to the minister, they will probably not be in the department for very long. I doubt if many of them would place themselves in that position.

On motion of Senator McDonald, debate adjourned.

OFFICIAL LANGUAGES

REAPPOINTMENT OF COMMISSIONER

Leave having been given to revert to Notices of Motions:

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(*h*), moved:

> That, in accordance with section 19 of an act respecting the status of the official languages of Canada, Chapter 0-2, Revised Statutes of Canada, 1970, this house approves the reappointment of Keith Spicer, Esquire, as Commissioner of Official Languages of Canada, for a term expiring July 31, 1977.

He said: As I believe all honourable senators know, both the Prime Minister of Canada and Mr. Keith Spicer himself announced that it was the wish of Mr. Spicer, whose term of office expires today, not to be reappointed for another term of six years under the act, but that Mr. Spicer at the request of the Prime Minister had agreed to stay on until the end of July. In accordance with section 19 of the Official Languages Act, the appointment of the Official Languages Commissioner must be made under the Great Seal of Canada after approval of the appointment by resolution of the Senate and the House of Commons.

I understand that at present the House of Commons is considering such a reappointment motion, and I think it is proper for us to do likewise.

In 1970 Mr. Spicer was appointed Commissioner of Official Languages under a motion moved in this house by the Honourable Senator Martin, and seconded by the Honourable Senator Flynn. I assume there will be no objection or opposition to such a motion today, which is merely routine. Because the term expires on this present day, the action has to be taken some time this afternoon. For that reason I ask honourable senators favourably to consider this motion.

Senator Grosart: Honourable senators, I presume, to conform with the act, that this is actually a resolution of the Senate rather than a motion. The act does call for a resolution of the Senate. Whether a motion is technically a resolution is a moot question, but no doubt that situation can be adjusted.

As the Deputy Leader of the Government has said, this is a routine matter. The Prime Minister has asked Mr. Spicer to extend his tenure of office, presumably until a suitable replacement is found. We are not here involved in any discussion of the Official Languages Act, or of Mr. Spicer's tenure of that important office for seven years—not that I would suggest that there would be any criticism—and for that reason I see no objection to the adoption of this motion at this time.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable R. G. B. Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable

the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to provide for the making of certain fiscal payments and of established programs financing contributions to provinces, to provide for payments in respect of certain provincial taxes and fees, and to make consequential and related amendments.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, April 26, 1977, at 8 p.m.

Abbreviations

1r, 2r, 3r	= First, second, third reading
amdts	= amendments
com	= committee
div	= division
m	= motion
neg	= negatived
ref	= referred
rep	= report
r.a.	= royal assent

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PUBLIC ACTS

Chapter		*Bill No.*
	Assented to October 22, 1976	
1.	Port of Halifax Operations Act	C-14
	Assented to December 15, 1976	
2.	Appropriation Act No. 5, 1976	C-28
	Assented to December 22, 1976	
3.	Government Expenditures Restraint Act	C-19
	Assented to February 24, 1977	
4.	Statute law, an Act relating to income tax	C-22
5.	Customs Tariff Act (No. 1) amendment	C-15
6.	Excise Tax Act amendment	C-21
	Assented to March 29, 1977	
7.	Appropriation Act. No. 1, 1977	C-44
8.	Appropriation Act. No. 2, 1977	C-45
9.	Old Age Security Act amendment	C-35
	Assented to March 31, 1977	
10.	Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977	C-37
	Assented to May 12, 1977	
11.	Unemployment Insurance Entitlements Adjustment Act	C-52
12.	Advance Payments for Crops Act	C-2
13.	Pension Act amendment	C-11

Acts passed during the Session - *Continued*

PUBLIC ACTS - *Continued*

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14.	Customs Tariff Act (No. 2) amendment	C-55
15.	Excise Tax Act (No. 2) amendment	C-54
16.	Bank Act and the Quebec Savings Banks Act amendment	C-39
17.	Export Development Act amendment	C-47
18.	Financial Administration Act amendment and repeal of Satisfied Securities Act	C-8
19.	Motor Vehicle Safety Act amendment	C-36
20.	Historic Sites and Monuments Act amendment	C-13
21.	Railway Act amendment	C-207
	Assented to June 29, 1977	
22.	Appropriation Act No. 3, 1977	C-58
23.	Farm Improvement Loans Act, Small Businesses Loans Act and Fisheries Improvement Loans Act amendment	C-48
24.	Government Organization (Scientific Activities) Act, 1976	C-26
25.	Judges Act amendment and amendments to other Acts in respect of judicial matters	C-50
26.	Aeronautics Act and National Transportation Act amendment	C-46
27.	Canada Deposit Insurance Corporation Act amendment	C-3
28.	Miscellaneous Statute Law Amendment Act, 1977	C-53
29.	Income Tax conventions between Canada and the countries of Morocco, Palestine, Singapore, Philippines, Dominican Republic and Switzerland, an Act respecting	C-12
30.	Canada Lands Surveys Act amendment	C-4
31.	Diplomatic and Consular Privileges and Immunities Act	C-6
	Assented to July 14, 1977	
32.	James Bay and Northern Quebec Native Claims Settlement Act	C-9
33.	Canadian Human Rights Act	C-25
34.	Auditor General Act	C-20
35.	Fisheries Act and Criminal Code amendment	C-38
36.	Canada Pension Plan Act amendment	C-49
37.	Bretton Woods Agreements Act amendment	C-18
38.	Currency and Exchange Act amendment and consequential amendments to other Acts	C-5
39.	Canadian and British Insurance Companies Act and Foreign Insurance Companies Act amendment	S-3
40.	Electoral Boundaries Readjustment Act (Beauharnois-Salaberry)	C-283
41.	Electoral Boundaries Readjustment Act (Blainville-Deux-Montagnes)	C-427
42.	Electoral Boundaries Readjustment Act (Brampton-Georgetown)	C-392
43.	Electoral Boundaries Readjustment Act (Cochrane)	C-433
44.	Electoral Boundaries Readjustment Act (Huron-Bruce)	C-394
45.	Electoral Boundaries Readjustment Act (Kootenay East-Revelstoke)	C-406
46.	Electoral Boundaries Readjustment Act (Laval)	C-418
47.	Electoral Boundaries Readjustment Act (Lethbridge-Foothills)	C-405
48.	Electoral Boundaries Readjustment Act (London-Middlesex)	C-422
49.	Electoral Boundaries Readjustment Act (Saint-Jacques)	C-428
50.	Electoral Boundaries Readjustment Act (Saint-Léonard-Anjou)	C-429
51.	Electoral Boundaries Readjustment Act (Wellington-Dufferin-Simcoe)	C-393

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53.	Criminal Law Amendment Act, 1977	C-51
54.	Employment and Immigration Reorganization Act	C-27
55.	Statute Law (Metric Conversion) Amendment Act, 1976	C-23
56.	Canadian Wheat Board Act and Western Grain Stabilization Act amendment	C-34
	Assented to August 10, 1977	
57.	Air Traffic Control Services Continuation Act	C-63

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58.	Continental Bank of Canada Act	C-1001

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